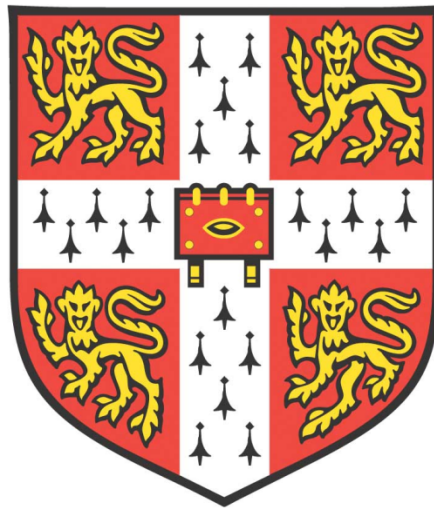


Democratisation of Local Government and Local Governance in Kazakhstan



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Since gaining independence from the Soviet Union in 1991 Kazakhstan has aspired to join international community of developed and economically prosperous democracies, and is implementing various institutional and economic reforms. This requires effective government and a public governance mechanism that would ensure taking into account both national and local needs for development. Given its vast territory, small population, and undeveloped infrastructure, improving local government in Kazakhstan is a precursor to achieving these goals. Today, Kazakhstan is still in the process of finding the most applicable model and structure of government that would encompass domestic specificities of development and best global practices. This necessitates the country to both reconsider its past experience of government and public governance development, and analyse foreign models compatible with its domestic development nuances.

This research analyses local government and local governance development in Kazakhstan, taking into account historical aspects of development and domestic views of transformation as understood by local practitioners of this process. The research also focuses on evaluating international experience of local governance development, providing case studies of Russia, Armenia, England and Greece. The aim of the research is not to make a direct policy recommendation but it is rather an attempt to understand what development factors are important to consider in the process of transformation and modification of local government and local governance in Kazakhstan.

Kazakhstan has been trying to build its own unique structures of government often becoming interlocked between paradigms of its own historical development and newly embraced Western-type institutional models. Together with this, Kazakhstan's membership of the Eurasian Economic Union (hereafter the EAEU) dictates applying development features closely applicable to the Union's member states, by and large the Russian Federation. However, the reality of integration in the Eurasian space with all its implications for governance has not totally diminished the Kazakhstani aspiration to try models that are used in Western democracies. The analysis of Western experiences alone can undermine important specifics of domestic development in the Eurasian space, whereas only focusing on Post-Soviet countries could lead to undermining the use of developed world practices in the field of development and governance. This thesis aims to provide analysis of international

experiences that would include both the historical and modern aspects of local government development in neighbouring countries and accepted global best practices. Therefore, this research analysed both the Western experience in selected countries (United Kingdom and Greece) and the practices executed in the area of the EAEU (Russia and Armenia).

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LIST OF ABBREVIATIONS AND ACRONYMS

In this thesis, the English plural form has been used for non-English words

For Kazakh words, Russian equivalents have been used

Akim – a mayor, a governor in the Republic of Kazakhstan

Akimat – office of an Akim in the Republic of Kazakhstan

Batyr – a commander of troops

Biy – a nobleman, judge in the Kazakh steppe (historical meaning)

Biys' Court of Justice – Court of Justice in the Kazakh steppe (historical meaning)

Biys' Council – an advisory body under the Khan in the Kazakh steppe (historical meaning)

Council of People's Deputies – a local council in the Soviet Union (historical meaning)

DCLG – Department for Communities and Local Government of the United Kingdom

Dstantsia – a region in the Russian Empire (historical meaning)

Executive Committees – local executive bodies in the Soviet Union (historical meaning)

Frontier Court – a management board in the Russian Empire (historical meaning)

Frontier Commission – a management board in the Russian Empire (historical meaning)

Genghisids – the descendants of Genghis Khan (historical meaning)

Guberniya – a province in the Russian Empire (historical meaning)

Juz – the organisation of different tribes in the Kazakh Khanate (historical meaning)

Khan – emperor, sovereign, ruler in the Kazakh Khanate (historical meaning)

Khoja – a descendant of the prophet Muhammad (historical meaning)

Knyaz – a prince in the Russian Empire (historical meaning)

LGA – Local Government Association of Wales and England

Majilis – the lower chamber of the Parliament of the Republic of Kazakhstan

Maslikhat – a congress of Sultans and tribe elders in the Kazakh Khanate (historical meaning)

– a representative local authority in the Republic of Kazakhstan, local council (contemporary meaning)

Marz (plural Marzer) – a province in the Republic of Armenia

Marzpet – a governor in the Republic of Armenia

Okrug – a region the Russian Empire (historical meaning)

– an administrative division in the Russian Federation (contemporary meaning)

– an administrative division in the city of Moscow (contemporary meaning)

Okrug's Prikaz – the management board of an Okrug in the Russian Empire (historical meaning)

Oblast – a region in the Republic of Kazakhstan and the Russian Federation

Provintsiya – a county in the Russian Empire (historical meaning)

Prikaz – a governing body in the Russian Empire (historical meaning)

Raion – a county, a district in the Republic of Kazakhstan and the Russian Federation

Starshina – elder or head of a tribe in the Russian Empire (historical meaning)

– a military title in the Russian Empire, equal to major (historical meaning)

Sultan – a governor, a ruler in the Kazakh Khanate and the Russian Empire (historical meaning)

Rasprava – the regional management board in the Russian Empire

Sharua – a peasant

Soviet – a local council in the Soviet Union (historical meaning)

Supreme Soviet – the Parliament of the Soviet Union (historical meaning)

Tore pedigree – the descendants of Genghis Khan (historical meaning)

Udel – a region, a province in the Russian Empire (historical meaning)

Uezd – a district in the Russian Empire (historical meaning)

Ulus – a region, a province in the Kazakh Khanate (historical meaning)

Uprava – executive governmental body at the level of Raion in Moscow (contemporary meaning)

Volost – a county in the Russian Empire (historical meaning)

Zemstvo – an institution of local government in the Russian Empire (historical meaning)

Chapter 1. The narrative of governance development in Kazakhstan

Kazakhstan is a vast country with a small population. The geographical aspects of Kazakhstan shape the development of its regions. The warm environmental conditions in the south are appropriate for good farming, whereas the severe winter cold in the north lends itself to pastoralism and crop production.¹ The western part of the country, having large oil and gas fields, fulfils the needs of the state budget, while the eastern part is rich in non-ferrous metals and rare earth metals and thus the mining industry in this part of Kazakhstan is another revenue source for the national budget. This divergence of geographical and environmental factors is not only present in the formation of the economy of the regions but also shapes the social, cultural and even personal characteristics of the local citizenry. Ultimately, this reflects the narrative of the uniqueness of every region and its people.

In addition the historical trajectory of the regions of Kazakhstan also impacts local development. Local government has been shaped variously in different parts of what is now Kazakhstan. Therefore, public governance² structures in present-day Kazakhstan in many ways have been influenced by the countries' past experiences. It is important to shed some light on this historical background since it helps explain the current challenges of the country, and may help provide a complete picture of the diverse state.

The beginnings of the Kazakh state can be traced back to the creation of the Kazakh *Khanate* in the 15th century.³ Being a nomadic state with multiple tribal communities, the formation of the *Khanate* was the first step toward a regulated governance framework for the regions that make up present-day Kazakhstan. Although the Kazakh *Khanate* may not have typical features of a contemporary state, its formation led to distinct social and political institutions.

The state apparatus was mainly driven by the institution of the Khan. He was the high commander, the arbiter, and the supreme judge. Kazakhs do not have a narrative of the divinity of the ruler similar to the one in Christendom. However, the *Khan* maintained order and his position was ordained by the 'Mandate of Heaven' and his genealogical connection

¹ For more information see http://businessnavigator.kz/en/region-map/?kato=27331®ION_KATO=270000000, accessed 17 September 2018

² Since this research focuses on central-local government relations further use of the word 'governance' will be in the context of public governance

³ For more information on the foundation of the Kazakh *Khanate* see Artykbaev (2006)

with previous ruling families like that of Ghengis Khan played an important role in providing legitimacy for his rule.⁴ The tribal establishment had strong ties and obedience to rules and legal codes, however, at the same time, a nomad on the steppe paid the highest obeisance to the power of nature. In addition to this, the physical distance between the leaders and their nomadic subjects obscured the presence of the *Khan* in everyday life matters.

Nevertheless, we can see some elements of democracy, in a nomadic version, reflected in the sense in the election of the *Khan* by the nobility who were heads and elders of various tribes.⁵ The institution of *Khan* was, in essence, the state and the people had a sense of belonging to the state through the figure of the *Khan*, although the physical borders were flexible. The pastoral type of living and long distances between households was at the heart of the institutional framework on the steppe. The regulatory framework was formed by the moral principles by virtue of hereditary nomadic values. This was exemplified by the legal practices of the *Biys*, the nobility who were judges and resolved disagreements among the people.⁶ The power of *Biys* had no clear contours and decisions they made were based mostly on precedence rather than any specific legislative construction. This made them reach legal conclusions according to everyday nomadic practices and according to local judicial precedents. This type of advancement of justice can be traced to the earliest ideas of Kazakh national statehood.⁷

This Kazakh steppe nationhood era was transformed once the Kazakh *Khanate* became part of the Russian empire. Beginning in the 18th century and completed in the 19th century, all the tribal communities across this space came under the administration of Tsarist Russia.⁸ The Kazakhs have been divided into three hordes called *Juz*: Senior, Middle and Junior *Juz*. This division directly affected the exercise of authority in each *Juz* and complicated the process of electing a single *Khan* for all hordes in order to be able to resist Russian Tsarist advance in

⁴ For more on information on the Khans' powers in the Kazakh *Khanate* see Sarsembayev (2015)

⁵ The secret of successful functioning of the Kazakh *Khanate* was that the elements of the absolute power of the *Khans* were combined with the deep democratic foundations of the nomadic civilization of the Kazakhs, see Onlanbekova (2016)

⁶ The Kazakh *Biys* represented the judiciary system which was based on the democratic principles of governance, see Zimanov (2008)

⁷ For more information on the *Biys*' position in the institutional framework of the Kazakh *Khanate* see Omarbekov & Omarbekov (2004)

⁸ For more on the process of Kazakhs joining the Russian Empire see Ibraeva (2015)

the 18th century. This created social and political upheavals which resulted in constant political struggle and consequent military engagements among and within the *Juzes*. This process is still visible in the modern political representation in modern Kazakhstan. The Kazakh authorities implicitly balance the number of representatives of different *Juz* in high-ranking governmental positions. The unwritten rules of this tribal representation help to maintain the status quo between ruling elites.

Tsarist Russia established administrative-political frameworks in different parts of the Kazakh steppe. The main feature of the Russian reforms was to transform the concurrent nomadic structure into clear administrative-territorial boundaries with subordinating bureaucratic offices.⁹ It was called civilising or sedentarisation, along the lines of a discourse of imperial advancement. It is difficult not to admit that this period was significant concerning attempts to establish a governance paradigm which existed at that time in the ‘civilised’ world. Russians imposed various bureaucratic reforms bringing democratic values featured in the election of tribal elders at the very local level.¹⁰

Soviet Era

With the creation of the Soviet Union, a different epoch began for the Kazakh population. The sedentarisation drive became stronger with the Soviets intending to bring communism and modernisation to the Kazakh steppe and the rest of Turkistan (Central Asia). Governance took the form of the formation of the Kazakh Soviet Socialistic Republic (hereafter KazSSR).¹¹ The Soviets replicated similar governance structures in all the Soviet republics, and Kazakhstan was no exception. The formation of the socialist state came along with rapid industrialisation and education.¹² By and large, forcing people to transform to an unknown social and economic environment led to extremely contentious results like causing famine and slaughter of livestock in an attempt to resist Soviet advancement. However, it was

⁹ For more details on the historiography of Kazakh-Russian relations in XVI-XVIII centuries, see Zhappasov (2011)

¹⁰ “Local officials were elected every three years by secret ballot”, see Kan & Shayakhmetov (2007), p.106

¹¹ For more information on the development of the Kazakh Soviet Socialistic Republic see Karazhan (2008)

¹² *Narodnoe khoziastvo Kazakhstana* (People's Economy of Kazakhstan) (1930)

accompanied by an unprecedented improvement in literacy across Kazakhstan.¹³ From the point of governance, the Soviet era had extraordinary consequences and implications for Kazakhstan. The governance framework built around the communist party was not only based on a vertical hierarchy of bureaucratic apparatus which at first sight looked like a totalitarian state with minimal checks and balances and no democratic assets. However, the system had overlaps which resulted in unexpected implications of written procedures in practice. At the local level, for example, the division between the party secretariat, the executives and the legislatures was obscured due to their interconnections. Local *Soviets* formed local executive committees, but members of the *Soviets* also presided in those committees.¹⁴ A secretary of the local branch of the Communist Party influenced both the executive committees and local *Soviets* through the mechanism of party membership, and thus there was a local supervision mechanism.

With the end of the Soviet Union, the search for different applicable governance structures has become a practical need. The collapse of the administrative structure with Moscow as the centre left the new Kazakh republic with the challenges of building a ‘nation-state’. The political agenda after independence was set to achieve democratic principles and a free economy with no practical or even theoretical structures. This was exacerbated by the divided political discourse between the then still Soviet nomenclature and supporters of rapid liberalisation of the government – the economy and society. This affected a path needed for development, leading to a struggle on the one hand of the executives with the legislature, and on the other, within the bureaucratic apparatus itself. The local institutions were eager to play a bigger role in the foundation of the country’s future.¹⁵

Almost all stakeholders desired abrupt changes. The lasting feeling of being suppressed by the Soviet regime played an essential part in the political consciousness of that period, making the discourse of reforms emotional rather than pragmatic. It was an attempt to get rid of the

¹³ Bakanov & Zhumashev (2002), see http://rep.ksu.kz/bitstream/data/103/3/Bakanov_Zhumashev.pdf, accessed 20 August 2018

¹⁴ For more information on the political framework in Soviet Kazakhstan see Maymakov (2012)

¹⁵ For more information on the history of building institutional structures in modern Kazakhstan see Nazarbayev (2008)

‘coloniser’ rather than finding a way to implement viable reforms.¹⁶ This approach has persisted in the current political agenda of the Kazakh state with the power holders being in denial of the communist heritage and enormous influence of political issues in present-day Russia. The state would benefit from accepting its historical heritage and could develop strategic notions based on a practical understanding of real issues to foster advancements and capabilities. However, today extraordinary drawbacks from the total denial of the Russian and Soviet eras have led to false beliefs about Kazakh ethnicity both in its nomadic past and in the future. This is greatly amplified in the strategic state programs Kazakhstan 2030 and Kazakhstan 2050, and in the proclamation of Kazakhstan as a descendant of the Kazakh *Khanate* of the 15th century. While the latter need to be a practical blueprint for further understanding the path to development, it has unachievable and hypothetical ideological issues not based in reality on the ground, whereas, the former are tales of a democratic past and a supposedly developed civilisation with no clear guidelines and achievements.

Post-Soviet Kazakhstan

In this regard, it is essential to understand how that situation has come to the current status.¹⁷ The history of the development of Kazakhstan as an independent state and the most precise contours of that could be separated into three decades: the construction of the modern republic and outlining a strategic agenda of the reforms from 1991 to 2000; the condition of variations in economic reforms with a careful look at the political construction from 2001 to 2014; and new socio-economic environment driven by economic austerity of low oil prices. The first decade is a period of struggles and search. The viability of the state was at stake, and that clearly explains the decisions which were made mostly emotionally. Now it seems just a power grab by the President, but if we look at the mood of the society in that period, it shows the importance of the firm belief in great achievements and prospective future. It is important not to avoid this because it provides an understanding of the way the present has been shaped. The Communist ideology of the Soviet Union created a unique cultural approach to understanding government, where the state is the final resolver of any issues with no distinction between social and private life matters. Therefore, the President at that time appeared as a strong, unique and able leader who could lead the society towards further

¹⁶ For more information on the building of an independent Kazakhstan see Nazarbayev (1993)

¹⁷ For more information on the history of modern Kazakhstan see Ayagan et al. (2010)

development. That belief was also enhanced with the aspiration of self-rule resembling the times of the Kazakh *Khanate*. This event had another precedent, on the 17th December 1986, Kazakh students marched on the square demanding the appointment of the head of the Republic to be an ethnic Kazakh.¹⁸ Many of them were shot down by Soviet army men.¹⁹ President Nazarbayev conveyed all these notions and built his political agenda on this kind of emotion of the Kazakh society. This explains unprecedented support by the people and his political win in a struggle with the other branches of power. This sentiment even found a way in the constitution of Kazakhstan declaring the President as a regulator and being above all other branches of power.

The first decade saw the prevalence of building a strong presidential institution and further bureaucratic structure that would implement this will.²⁰ That period is distinguished by the almost total obedience to international expertise and political pressure. Kazakhstan decided to get rid of its nuclear arsenal, and in economic aspects to follow free market principles. The constitution, the main state strategic program 2030, and legislation on many aspects were written by foreign experts or replicated existing foreign sources. The path to ‘westernisation’ and liberalisation had taken its course. However, the President has kept insisting on achieving ‘development’ through economic reforms first, and wise political transformation after that.

Having established the working structures with no real political challenges to the President, the state entered the next decade of its development. The high oil prices helped to fulfil the budgetary needs and therefore to have a stable social environment in society. This period was significant with further attempts to implement economic reforms but without challenging the President’s status. This was visible in passing different economic and financial state programs, and at the same time with no real steps of changing the political environment. The members of the lower chamber of the Parliament, *Majilis*, in that period came to be elected according to political party membership with no room for independent candidates.²¹ This

¹⁸ For more information on this event see Beyiskulov (1994)

¹⁹ Kazakhstan: A Look Back at the Zheltoksan Protest a Quarter-Century Ago, see <https://eurasianet.org/kazakhstan-a-look-back-at-the-zheltoksan-protest-a-quarter-century-ago>, accessed 17 September 2018

²⁰ The need to have a strong institution of President is explained by Mailybayev (2001)

²¹ For more information on the development of political parties in the Republic of Kazakhstan see Bowyer (2008)

already made the *Majilis* a puppet with even less independence, being influenced not only by the President's administration but also by the ruling party bureaucrats. The change of this election system without a developed party system made political reforms towards enhancing the Parliament's powers, such as giving consent on the appointment of a Prime Minister, meaningless in practice. A similar political path was followed towards local governance reforms.

The reforms of electing rural *Akims* (mayors) by the *Raion Maslikhats* (local representative bodies) obscured the very virtue of the reform since the *Maslikhats* are filled with pro-*Raion Akim* members.²² However, this has been presented as a stable and thoughtful way towards political reform with the aim to avoid social upheavals. This to some extent helped to fulfil social aspirations towards democratic governance, however, in the first instance this was done to show the international community the will of the authorities towards democratisation.

The current decade of the Kazakh development path started its count with the epoch of low oil prices. Due to the budgetary dependence on oil revenues, the economic strategy of Kazakhstan in the first instance has had a goal to reconstruct the economy towards one based on knowledge and innovation. It seemed like they nearly achieved their goal and announced entering the world's top fifty compatible economies and other impressive numbers in economic and financial statistics.²³ The phenomenon of Astana, the new capital founded in 1998, was declared to be an example of fast-growing and economic advancements.²⁴

The decrease in oil revenues made it impossible to keep social stability only through spending on social care and other state programs aimed at supporting the unemployed and the poor. The programs such as 'a roadmap' intending to provide seasonal low-skilled jobs funded by the state budget are a great example of that indifferent attitude to curb social upheavals with no practical economic effect. Another example of the 'flourishing' economic era was the devaluation of the national currency, tenge. The rate of tenge had been pegged to the dollar at

²² ARE THE LOCAL ELECTIONS REALLY A STEP FORWARD TO DECENTRALIZATION IN KAZAKHSTAN? (see <https://geurasia.eu/are-local-elections-a-step-forward-to-decentralization-kazakhstan/>, accessed 2 November 2018)

²³ Kazakhstan enters top fifty 'World Economies For Doing Business-2014', see <https://azh.kz/en/news/view/2475>, accessed 2 November 2018

²⁴ Astana symbol of independence, see <https://ia-centr.ru/publications/astana-simvol-nezavisimosti/>, accessed 2 November 2018

a level that did not cause inflation and cost rises. Huge budgetary finances were needed to support that level. According to the then head of the National Bank of Kazakhstan, they spent almost 6.4 billion US dollars on that issue in the first half of 2014 alone.²⁵ All these issues together show how much the economy is dependent on oil revenues, and making the country's political and economic construction not as infallible as had been declared.²⁶ The political idea, 'first economic reforms, and then political,' has become unattractive in society, and no longer appears in speeches by the authorities.

Since independence, Kazakhstani authorities have been balancing between international pressure, satisfying the needs of quasi political-administrative-tribal elites, and the aspirations of the people. These three points are interrelated and have played an important role precisely in this progression. In the first instance, reforms and apparent liberalisation and democratisation were done due to international pressure, whether this was part of the requirements to get access to international loans and aid or to show the international community a will towards development. Secondly, the need for restructuring the economy and political environment came as a political game to equalise the ambitions of the elite. Although Kazakhstan is considered a country under the strong authoritarian rule of its President, in fact, governance in Kazakhstan has never been executed by the will of one person. This is reflected in the so-called 'multi-vector' international policy of Kazakhstan. This 'multi-vector' approach to some extent is the practical philosophy of finding a balance between fulfilling the needs of the world and continental powers such as USA, Russia, China and the EU, at the same time shows the defragmentation of the ruling elites being supporters of one particular vector in international relations.

A similar situation has taken predominance in internal politics. The society often misunderstands the need to reappoint the same individuals to different governmental positions. On the one hand, it could be understood as an effective policy of the President of

²⁵ Kelimbetov about devaluation of tenge, see <https://tengrinews.kz/markets/kelimbetov-otvetil-ogonku-na-voprosyi-o-devalvatsii-tenge-250593/>, accessed 24 April 2018

²⁶ Kazakhstan's Oil Dependence Jeopardizes Domestic Stability see <https://jamestown.org/program/kazakhstans-oil-dependence-jeopardizes-domestic-stability/>, accessed 1 November 2018

enhancing political structure by appointing relevant professionals to implement required reforms. On the other, it might be a result of the constant struggle of the elites influencing; appointing not only politically necessary positions but also administrative offices. Here arises another question of ambiguity of defining the strands of the states: administrative, political, and technocratic. Having no clear boundaries between political, administrative and economic spheres, created a situation where all three areas are interrelated and divided not by the features of the tasks performed but rather due to their influence within the bureaucratic system. The constant transformation of the central government structure could be an extreme example of that political game. This transformation in many cases was a condition to get international loans or a part of prescribed economic reforms. At the same time, it might be used as a mechanism for rebalancing the presence of elite groups in public governance. Finally, in the public eye, the constant change of high-ranking government officials could be presented as political will towards meritocracy and effective government.

Moreover, an additional governance paradigm arises with a look at Kazakhstan as a part of integration processes in Eurasia. Kazakhstan's development characteristic has been enormously affiliated to the same processes in Russia. The attempts to rewrite its historical narrative and future perspectives cannot be entirely adequate without taking into account the Russian external factor. Whether we look back at Tsarist days or the communist era, it is seen that in many cases the everyday social and political environment in Kazakh society was shaped according to external influences rather than the internal environment. This influence can still be traced in Kazakhstan. It is dictated by the practical understanding that Russian influence and support have no real substitutes but at the same time is clouded with emotional feelings of being an independent state which requires freedom from Russian influence in the first place.

The Eurasian Economic Union

Starting from the Eurasian Economic Community, the integration processes in the post-Soviet realm acquired different contours, although what is similar in all former Soviet republics is the revival of Russian influence. Dictated by Russia's military and economic advancements this process ultimately has not many genuine alternatives, whether former Soviet republics need to protect their territorial borders from rising Islamism in neighbouring regions such as Afghanistan and the Middle East, or to satisfy the trade potential of the vast and undeveloped Russian market. The Eurasian integration idea has many similarities to the integration of the

Soviet Union. In both cases, Russia was a generating power of smaller and divided units, having the ultimate fate to embrace and support them. This is the very practice in what is now the Eurasian Economic Union²⁷ (hereafter the EAEU), where deeper integration comes by financial and material support bargaining. The official visit of Russia's President, Putin, to Central Asian states in March 2017 was a kind of precursor to this idea. Putin insisted that at least a third of the GDP of Kyrgyzstan and Tajikistan are formed by remittances sent by Kyrgyz and Tajik labour migrants in Russia and that Russian military support is crucial to secure territorial borders with unstable Afghanistan.²⁸

In this realm of integration, countries that are within the scope of this research, such as Kazakhstan, Armenia and even Russia itself have not many structural and political options to play with. Although the structural and economic components of those countries can be different, the characteristics laid with longstanding familiar historical narrative could be better solutions to current challenges. The idea of the ultimate fate with Russians is not based on empty rhetoric. This can be traced back to the declaration of Kazakhs to join the Russian Empire voluntarily, and the wish of the Kazakhstani President to stay part of the USSR even after its collapse. Moreover, it was President Nazarbayev who was the first to propose the Eurasian idea.²⁹

The reality of the Armenian state has similar challenges of creating a nation-state. Armenia is a small population, a small territory with scarce mineral resources and has the additional burden of being in a state of war with Azerbaijan for the Nagorno Karabakh region.³⁰ The idea of being the first Christian nation³¹ gives Armenians a sense of unity with Russians, at the same time engendering a superior feeling of being a more civilised and ancient nation than Russia. The Armenian diaspora in Russia also enhances relations between the countries. However, the Armenian diaspora is present and influential in many countries including the

²⁷ Eurasian Economic Union, see <http://www.eaeunion.org/?lang=en>, accessed 14 August 2018

²⁸ Borderline Anxiety: Putin's Central Asia Tour, see <https://carnegie.ru/commentary/68226>, accessed 20 July 2018

²⁹ N. Nazarbayev proposed to create the Eurasian Community, see <http://e-history.kz/en/contents/view/2038>, accessed 19 September 2018

³⁰ Mapping the Nagorno-Karabakh Conflict, see <https://blogs.kent.ac.uk/carc/2018/04/15/the-nagorno-karabakh-conflict/>, accessed 1 November 2018

³¹ Hamblin & Peterson: Armenia, the first Christian nation, see <https://blogs.kent.ac.uk/carc/2018/04/15/the-nagorno-karabakh-conflict/>, accessed 3 November 2018

USA.³² This makes the shape of the social environment in Armenia complex, having to find the notions of these diasporas a place in the structural building of the country. Armenia being the smallest member of the EAEU, and having a very homogenous ethnic society is supposed to be in a better shape to put itself forward in social and political development. This reflects the wish of embracing different development paths but following no particular one. Having had a presidential republic but not allowing the president to take a superior role, and now moving to a parliamentary republic with no experience of democratic principles.

Armenians in one sense have the Soviet mentality, where the state is the resolver of all sorts of issues, but at the same time, they aspire to Western practices of innovation and business models. There are different aspirations struggling against each other in Armenia, just like Kazakhstan and Russia, a communist Soviet past is struggling with notions of westernisation. That makes the supposed pragmatic approach to development very sentimental, leaping from viable options to admired ones and vice versa. Therefore, the issue of embracing its past as it was with no artificial amendments to its superiority and finding its future perspectives on pragmatic and viable options is as much necessary for Kazakhstani development as it is an essential point for Russia and Armenia.

To have a precise picture of governance issues in integration perspectives, it is essential to look at them in other geographical and development realms. For these reasons, the case of the European Union (hereafter the EU) is very significant with this union having the most developed integration heritage and economic advancements of its members. The integration process in Europe was based around a long-standing idea of great civilisations living together to form order and mutual respect. The European ideas of innovation have always been aspired to by other continents, and disagreements within this realm have affected the rest of the world. In this regard, the foundational structures of the European Union also have been a role model for integration trajectories. The idea of local self-government also has found its best feature in establishing a European charter on this issue.³³ The phenomenon of the EU is an excellent argument against the opinion that various government constructions are impossible to be managed in one particular regulative framework. In a practical sense, the recent example of Brexit shows the opposite trend of underestimating the influence of the European

³² For more information see Baser & Swain (2009)

³³ European Charter of Local Self-Government, see <https://rm.coe.int/168007a088>, accessed 9 October 2017

regulative construction that is embedded in national governance schemes.³⁴ Another trend in Greece, where the country is in economic and political turmoil, is that national policymakers do not fully understand the extent of influence of European supporting programs to the local governance. The phenomenon is that this financial support has become a checks and balances mechanism between regional and local authorities in Greece, where the former being the recipient of these funds executes some political influence over localities, which is not prescribed by the legislative context.

The EU is a complex structure to describe, having many spheres of governance. However, the prevailing notion is that it has become another layer of governance in a decentralisation and devolution processes. The common regulative framework often gets suppressed by the national interests and vice versa, eventually leading to checks and balances not only between branches of power but within nation states. The complex social compound of the EU members-states has enhanced the process of governance, making it complicated with many factors indirectly affecting the practical issues.

However, going back to governance at a national level, it is essential to understand how that process was shaped in Europe, and if there is a similar affection of historical trajectories on governance as in the Eurasian space. For instance, the historical narrative shaped the governance structures to such a level in England, that this country is in a constant process of devolution and structural transformation. The structure of England's local government has developed not because of the wish of the policy makers but contrary to them, taking its roots in the feudalistic history giving each locality a say in the overall country's shape. The local English counties do not correspond to systematic management schemes but instead have stayed in the current shape due to the authentic aspiration of belonging to a community. The political process of establishing the Parliament in the 13th century and further steps towards rebalancing the power of Royals has laid the concurrent approach to governance in England. This is also seen in the struggle between political parties, or in tiny localities having strong political courage to oppose the central government's will. The process of governance in

³⁴ The influence of the EU on UK legislation, see <https://www.buckles-law.co.uk/site/brexit/the-influence-of-the-eu-on-uk-legislation>, accessed 12 July 2018

England cannot be explained in one particular order acknowledging the overall complex structure of the United Kingdom.

Nevertheless, the conceptual advancement of the EU is evident. The regulative structures cover almost every piece of member states' governance issues. The governance practices in Greece and England are structurally and institutionally different, and both countries have the task to develop central-local government relations. However, the regulative or overseeing mechanism of the EU has become an intrinsic actor of those relations, often executing the role of the invisible hand. This could be seen in national governments following the European set of rules in budgetary regulations, legislative requirements, and local governance aspects. In these circumstances, the central-local government relations encompass another layer of governance reflected in supranational affiliation. It is difficult to clearly distinguish the level of influence of these relations overall on governance in a particular country since these relations are not depicted in straightforward central-local government relations in the constitutions of countries. The mechanism of a written constitution or block of legislation as in the case of the United Kingdom is another important pattern of studying local governance. It could be used as an independent variable and a viable benchmark for drawing parallels between a country's strategic outline and actual performance of development agendas.

For the reasons discussed above, it was essential both to analyse trajectories of governance development in the space of the Eurasian Economic Union where member-states bear similar challenges to Kazakhstan in building modern democracies, and the European Union which is a community of the most developed states that could be used as a benchmark for governance development. Therefore, this research studied Russia and Armenia on the one hand and on the other, the United Kingdom and Greece. The analysis was based on both examining legal frameworks of governance (see chapter 6) and conducting research fieldwork in the selected countries (see chapter 7). Existing legal frameworks helped to depict the power flow between branches of power and levels of government, whereas interviews and other observations during research fieldwork validated their functionality. Moreover, the research aimed to establish organisational flowcharts of governance (see chapter 9) and use them to generate questions for fieldwork research. These flowcharts simplified the mechanism of analysing structures of governance in the selected countries and drawing comparisons between them.

It was mentioned above that historical trajectories of development have had a great impact on the governance framework in modern Kazakhstan. Therefore, the next chapter provides an

outline of governance development in Kazakhstan taking into account the specifics of power arrangements in different periods of Kazakh history.

Chapter 2. The historical evolution of public governance in Kazakh land

The political structure of governance in present-day Kazakhstan is made up of the legacy from three significant periods of its history, the first and most easily discernible is the recent Soviet past of Kazakhstan, followed by the experience of the territory of Kazakhstan under Tsarist Russia and finally the creation of the *Khanate* of Kazakhs in the 15th century which is historically the first time the regions of Kazakhstan which make up the Republic of Kazakhstan were brought under a single ruler. I will now discuss these three crucial periods of Kazakh history which continue to be of significance today. The development of governance in the Soviet Union has been described in detail in much theoretical and empirical research³⁵, and therefore this chapter focuses on that period only briefly.

2.1 Kazakh Khanate as first statehood

The Kazakh Khanate was founded by Kerey and Zhanibek in 1465³⁶ (Danilyarova, Ogoltsova & Nurligenova, 2009), (Sarsembayev, 2015).³⁷ Artykbayev & Pirmanov (2008) state that the independent history of the Kazakh *Khanate*³⁸ began with a split in the confederation of nomadic Uzbeks in the middle of the 15th century when part of the population of the Uzbek *Ulus* led by recalcitrant *Sultans* Kerei and Zhanibek moved to Mogulistan.³⁹ Nurpeyisov & Kotov (1995) describe the Kazakh *Khanate* as a feudal monarchy with a patriarchal-tribal structure which bears characteristics of a nomadic economy⁴⁰. However, Sarsembayev (2015) argues that taking into account the role of the *Maslikhat* in balancing the power of the *Khans*, the Kazakh *Khanate* can be defined as an estate-representative monarchy. The executive power in the *Khanate* was exercised by the *Khan* (Nurpeyisov & Kotov, 1995). In addition, the judiciary was also under the control of the *Khan*.⁴¹ The *Khan* had the following functions: the organisation of the army, the protection of the existing political foundations of the state, formulating policy for the judiciary, social order and also foreign relations (Abil, 2000). Thus,

³⁵ For more information see Werth (1992)

³⁶ “Founded in 1465, the Kazakh *Khanate* was one of the first national states on the territory of Central Asia”, see Kabuldinov, (2015), p. 30

³⁷ For more on the history of formation of the Kazakh Khanate see Karibayev (2015)

³⁸ For more on historiography of the Kazakh Khanate see Igibayev (2012)

³⁹ Kyzembaiuly & Abil (2006) provide deep analysis on the reasons of foundation of the Kazakh *Khanate*

⁴⁰ “The emergence of the Kazakh *Khanate* was the logical outcome of ethno-political processes. The unification of all the lands of the region in one political structure”, see Kurleubayev & Mustafin (2001), p.33

⁴¹ For more information see Kan (2011)

Chatybekova et al. (2010) state that the supreme power in the state was concentrated in the hands of the *Khan*.⁴² According to ancient tradition, Khans were elected for life by the *Maslikhat* (Zhumaganbetov, 2000). Although the *Khan*'s power was extensive, it had its limitations in Kazakh society due to internal political struggle⁴³ and perpetual wars⁴⁴ with neighbouring⁴⁵ *Khanates*⁴⁶ which made it practically impossible to establish a genuinely centralised government⁴⁷ (Nurpeyisov & Kotov, 1995).⁴⁸ An administrative-territorial structure of government could therefore not be established. Nurpeyisov & Kotov (1995) adds that the foundation of the government according to tribes, the demands of a pastoral economy and nomadic type limited the absolute power of the *Khan* and maintained the people's integrity especially in far flung regions. In this regard, Artykbaev (2006) notes that the extensive role of kinship in Kazakh society meant that the entire system of social relations was built on the principles of generic organisation. The power of the Kazakh *Khans* rarely was overwhelming, and was usually controlled and limited by the nobility.

Artykbaev (2006) states that the Kazakh *Khanate* as a state was a symbiosis of two principles, a political one represented by the institute of supreme power, a special class, and a tribal organisation of power. The main state-forming force of the society was the tribal organisation of the Kazakhs. Politically different levels of kinship constituted a hierarchical integrity and relatively successfully replaced the system of administrative-territorial units. The Kazakh society consisted of two main social groups differing not so much by economic, as by political and legal grounds: *Ak-suek* (white bone) and *Kara-suyek* (black bone) (Chatybekova,

⁴² "The *Khan* was a supreme leader, who implemented his policies through the *Sultans* and tribal foremen", see Tumenova (2015), p.45

⁴³ For more on the struggle for power in the Kazakh *Khanate* see Suleimenov & Moiseev (1988)

⁴⁴ Ibragimov, Mingulov & Pishchulina (1969) provide in great details the chronology of wars within the Kazakh *Khanates* and with neighbouring states

⁴⁵ "Permanent wars seriously affected the socio-economic condition of the population", see Akishev et al. (1993), p.148

⁴⁶ "The Kazakh *Khanate* was under constant pressure from other Central Asian *Khanates*", see Kizatova (2010), p.20

⁴⁷ "By the second half of the 16th century, the Kazakh *Khanate* was greatly weakened due to endless wars and civil strife", see Abuseitova (1985), p.49

⁴⁸ "During the lifetime of *Khan* Tauke, a small part of the Junior *Juz* and some tribal units of the Middle *Juz* chose Sultan Kaip as their *Khan*", see Zhumashev (2002), p.136

Bodanova, Bolatbayeva & Nurzhanova, 2010).⁴⁹ The *Genghisids*, which were also called the *Tore*, descendants of Genghis *Khan*, and the *Khodja*⁵⁰, descendants of the Prophet Mohammed (the highest religious stratum)⁵¹ belonged to *Ak-suyek*. Only the *Genghisids* could hold the position and title of the *Khan*.⁵² Moreover, Kan (2011) notes that the *Genghisids* could claim the *Khan's* throne in any state where Mongolian traditions were followed. Therefore, the *Genghisids* of the Kazakh *Uluses*, in some cases became the rulers of the Karakalpaks and Kyrgyz, or the *Khans* of Khiva and Bukhara (Klyashtorny & Sultanov, 2009). According to Baipakov, Kozybaev, Kumekov & Pishchulina (1997) and Amanzholov (2002), the title of *Sultan*⁵³ was inherited by the *Genghisids*. The *Sultans* had class privileges: immunity from prosecution by the *Biys'* Court of Justice. Criminal cases related to the *Sultans* could only be discussed by the *Khan* or another *Sultan*. The *Sultans* formed an aristocratic class and were the most influential political power in the Kazakh *Khanate*. Abil (2005) adds that the *Ak-suyek* were a closed privileged group, within which endogamy prevailed, meaning that marriages were predominantly concluded within the group. Therefore, a child born from a marriage of a *Sultan* and a black bone was not considered a full right *Sultan*. Sarsembayev (2015) notes that the *Genghisids* did not belong to any Kazakh clans and tribes, and according to the *Genghisids* genealogical right they were part of the ruling group of Kazakh society. Moreover, the *Genghisids* had a broader intellectual and educational capacity in comparison to the representatives of the *Kara-suyek*. The *Khodjas* also did not belong to any tribes, and did not identify themselves as Kazakhs, Uzbeks, Tajiks, or other Central Asian ethnicity (Klyashtorny & Sultanov, 2009). The *Khodjas*, similar to the *Sultans*, constituted a closed aristocratic class and were at the top of the social pyramid.

According to Chatybekova et al. (2010), the remaining groups such as the *Batyrs* (the commanders of the troops), the *Biys* (leaders of clans and tribes), and the *Sharuas* (peasants)⁵⁴

⁴⁹ See also Levshin (1996)

⁵⁰ “The *Khodjas* are the descendants of the first spreaders of Islam. They were engaged in the propagation of Islam and religious education. The *Khodjas* did not intervene in the political process”, see Maimakov (2012), p.62

⁵¹ For more information on the *Khodja* see Artykbayev (2006)

⁵² “In the long history of the Kazakh *Khanate*, about four centuries, the ancient tradition of inheriting power was broken only twice,” see Maimakov (2012), p.60

⁵³ “Most scholars believe that the title *Sultan* originated from the era of the Golden Horde”, see Maidanali (2010), p.117

⁵⁴ For more information on division of Kazakhs into genealogical categories see Daniyarova et al. (2009)

belonged to *the Kara-suyek* (black bone). However, Sarsembayev (2015) states that *the Kara-Suyek* was the national Kazakh aristocracy. In other words, they were the leaders of the clans, tribes, and *Juzes*, which became such by virtue of their personal qualities or wealth. Whereas the main part of the Kazakh population was defined as free community members, and therefore did not belong to any class. Among the representatives of the black bone, the *Biys* had special rights. The *Biys* executed judicial, administrative and military authority in their tribes.⁵⁵ The *Biys* were also judges in the Kazakh steppe and represented the institution of the *Biys' Court of Justice*⁵⁶ (Baipakov et al., 1997). They were neither appointed nor elected, yet were recognised as such because of their personal merits, regardless of social background and social status (Zimanov, 2009).⁵⁷ Baipakov et al. (1997) argue that the *Biys* played an important role in the political structure of the Kazakh *Khanate*, having a range of powers and being representatives of the black bone since they formed a national aristocracy contrary to the *Sultans' supranational class*.⁵⁸ Tole *Biy* and Kazbek *Biy* by their influence were practically co-governors under the *Khan* (Abil, 2005).⁵⁹ The role of the *Biys* was further strengthened under *Khan Tauke* (Chatybekova et al., 2010). Zhumashev (2002) and Chatybekova et al. (2010) note that *Tauke Khan* wanted to weaken the influence of the *Sultans* and therefore decided that only the *Khan* and the *Biys* could perform judicial functions.⁶⁰ This gradually led *Biys* to become essential actors in national politics and the most powerful local institution. Besides this, the most influential *Biys* were members of the essential government body of the *Khanate*, the *Biys' Council*. The *Biys' Council* was called by the *Khan* and met in order to decide the most important judiciary, legislative, military and other issues (Mazhitova, 2014).

The Batyrs were also influential individuals belonging the black bone of the Kazakh *Khanate* (Abil 2005). They were professional military, leading the militias of their associations in case

⁵⁵ "In some cases, the powers of the *Biys* exceeded the *Sultans' authorities*", see Zhumaganbetov (2000), p.79

⁵⁶ "The *Biys' Court of Justice* was very powerful institution. It significantly limited the *Khan's authorities*", see Karazhan et al. (2008), p.57

⁵⁷ "The *Biys* were guardians of the laws. Their influence was determined by the antiquity of origin, and the position of the families they headed", see Kizatova (2010), p.17

⁵⁸ "Besides having military powers, the *Biys* often carried out diplomatic functions and were ambassadors of the Kazakh *Khanate*", see Maimakov (2012), p.63

⁵⁹ "The *Genghisids*, the *Khan* and the *Sultans*, were at the highest stage of political power relations. However, in the public eye the *Biys' reputation* was above the dignity of the *Khan*", see Mynbatyrova (2010), p.22

⁶⁰ "*Khan Tauke* greatly strengthened the powers of the *Biys*", see Artykbaev (2004), p.55

of war.⁶¹ This title was not hereditary, and was acquired only through personal qualities – courage and knowledge of military affairs. The social status of the *Batyr*s was determined not only by their role in military life, but also by the degree of personal relationship with the *Khan* or the influential *Sultans* (Klyashtornyi & Sultanov, 2009). Karpyk (1995) states that the *Batyr*s, who showed great military characteristics, were rightfully considered national heroes. The value of the *Batyr*s was great in the time of constant wars, bloody unrest and civil strife. Besides this, great importance in the Kazakh society played tribal foremen – leaders of communities and other associations of different levels, so called family leaders (Abil 2005). These were people possessing knowledge in the organisation of production and administrative skills. The *Biys* and the *Batyr*s often became the foremen, however, many foremen did not bear these titles. According to Klyashtornyi & Sultanov (2009), the foremen's advantage was that they were closer to the common people than any other privileged groups. Although the powers of the *Khan* were extensive, the *Khan*'s orders could reach the ordinary people only through the foreman. Thus, Karpyk (1995) points out that a distinctive feature of the Kazakh statehood in the Middle Ages was that it developed under the authority of the *Genghisid* rulers, but on a local, Kazakh, ethnic basis.

According to Nurtazenov et al. (2013), the legislative power in the Kazakh *Khanate* was represented by the *Maslikhat*, a Congress of *Sultans* and representatives of tribal communities. The *Maslikhat* met once a year and decided the most important public issues: conclusion of peace, declaration of war, redistribution of pastures, and mapping of nomadic routes. Tasbulatov (2008) and Kyzembaiuly & Abil (2006) state that there were genealogical and other pre-requisites for membership of the *Maslikhat*. Only men of the *Tore* pedigree, the *Genghisids*, could be members of the *Maslikhat*. Furthermore, the *Maslikhat* had the right to choose and dismiss the *Khan*, based on the principle of meritocracy. There were, therefore, cases when *Khans* were ousted and expelled, and the election of the *Khan* was accompanied by severe political struggle, which often led to armed clashes.⁶² According to Sultanov (2001), sometimes, during an election, the *Maslikhat* was split, and then there were two or more *Khans*⁶³, one of which, however, was considered senior.⁶⁴ For instance, with the death

⁶¹ “Although the majority of the *Batyr*s belonged to the *Kara-Suyek*, sometimes representatives of the *Ak-suyek*, the *Khans* and *Sultans*, also bore this title”, see Baipakov et al. (1998), p.429

⁶² “In 1511, Muryndyk *Khan* lost the power and was forced to move to Samarkand. In 1526, *Khan* Takhir was expelled from the Kazakh *Khanate*”, see Abil (2000), p.87

⁶³ “In the 17th century, *Juzes* began to elect their own *Khans*”, see Tumenova (2015), p.42

of *Khan* Tauke in 1718, the single Kazakh state was divided into several parts, each of which had its own *Khan* (Daniyarova, 2009).

Nomadic lifestyle and traditions were also the basis for the division of Kazakhs into three *Juzes* – Senior, Middle, and Junior (Aristov, 1897).⁶⁵ The *Juzes* were further subdivided into *Taypa* (tribe) and *Ru*, which were part of the *Juz* headed by their own rulers, the *Biys* and the *Batyrs*.⁶⁶ Amanzholov (2005) justifies the formation of the *Juzes* by internal political struggles, Jungarian and Russian military threats. He argues that this was the reason that Kazakhs lost their independence and became a colonised people. However, Seidymbek (2001) and Masanov, Abylkhozhin, Erofeeva, Alekseenko & Baratova (2001) identify geographical reasons for this division into the *Juzes*, because the tribes, which formed the *Juzes*, were located in three different parts of the Kazakh *Khanate*. Seidymbek (2001) sees the origin of the system in the division of the Huns into three hordes. Mukanov (1991) believes that this division was caused primarily by economic reasons meaning that Kazakhs had to wander from one pasture to another, whereas Amanzholov (2004) points out that many issues influenced the formation of three *Juzes* including geographical, political, economic, and even ethno-structural factors.⁶⁷

The exact time of the establishment of the *Juzes* has not been conclusively dated. Aristov (1897) dates this division to the beginning of the 18th century, whereas Krasovskiy (1868) states that the institution of *Juzes* developed in the 15th to 16th centuries. Klyashtorny & Sultanov (1992) date the occurrence of Kazakh *Juzes* to the end of the 15th century. Mynbaev (2013) also believes that Kazakh *Juzes* were formed at the end of the 15th century, when the Kazakh *Khanate* was established, arguing that the division into the *Juzes* happened because the new *Khanate* needed an administrative-territorial structure.

⁶⁴ “The division for power among *Khans*, *Sultans*, and groups of tribal aristocracy greatly affected the social and cultural development in the Kazakh *Khanate*”, see Akishev et al. (1993), p.155

⁶⁵ “Climate conditions of Kazakhstan and nomadic type of life was the reason for the formation of *Juzes*”, see Kurleubayev & Mustafin (2001), p.32

⁶⁶ “By the XV-XVI centuries, *Juzes* were already established. However, their establishment took place in previous centuries, along with the long process of the formation of nationality”, see Tumenova (2015), p.41

⁶⁷ “The Kazakh people considered the *Juzes* as unions of tribes belonging to a single Kazakh nation, which inhabited fixed by traditions a part of common Kazakh territory”, see Klyashtorny & Sultanov (2009), p. 11.

The division into the *Juzes* was an important element of the social and political structure of the *Khanate* of the Kazakhs, and made the Kazakh community deeply ranked.⁶⁸ In the Kazakh *Khanate*, the hierarchy of clans and tribes was one of the fundamental principles of social order (Baipakov et al., 1997). Accordingly, the social status of each individual representative of the *Kara-Suyek*, whether he was a hereditary *Biy* or an ordinary nomad, was determined by the degree of privilege of his clan and tribe (Klyashtornyi & Sultanov, 2009). For example, the tribal hierarchy was crucial in determining the location of the troops during the battles and sharing military booty.

Concerning the territorial structure of the *Khanate*, it was divided into *Udels* (regions) led by *Sultans* – relatives of the *Khan* (Isabekov, 2006).⁶⁹ Each *Udel* consisted of 50-60,000 families, which in turn were divided into *Uluses*, which had 10,000 families on average. *Uluses* were headed by *Sultans* who were appointed by the *Khan*.⁷⁰ Civil and military powers in the *Uluses* were concentrated in their hands, and they were accountable directly to the *Khan*. According to Abil (2000), each *Ulus* had its own territory with strictly defined pastures and its own militias. Thus, in fact, the *Khanate* was divided into military-administrative units. *Uluses* were further separated into Associations of Tribes and these Associations were led by *Biys* and tribal foremen. Moreover, the important point is that with the development of the Kazakh *Khanate* the political system based on the overwhelming role of the *Ghengisids* was gradually transformed into the structure where representatives of the *Kara-Suyek* had decisive powers. In this regard, Sarsembayev (2015) argues that in the 17th century, the *Ulus* system was replaced by the *Juz* organisation. The *Juzes* became headed by the *Biys*, who together with the leaders of numerous and strong tribal communities significantly limited the power of the *Khan*.⁷¹

⁶⁸ "Juz is economically and geographically separate area inhabited by a group of Kazakh tribes, which before the formation of the Kazakh *Khanate* was the territory of the tribal unions", see Mukanov (1974), p. 26

⁶⁹ "The Khan determined the territorial boundaries of each *Ulus*, and its transfer to or alienation from different *Sultans*", see Tumenova (2015), p.47

⁷⁰ See also Chatybekova et al. (2010)

⁷¹ "The *Juz system* also underwent certain changes. At the beginning of the 18th century all three Kazakh *Juzes* became headed by their own *Khans*. Thus, each *Juz* were virtually independent *Khanate*", see Klyashtornyi & Sultanov (2009), p. 10

These were some of the characteristics of the way the Kazakh *Khanate* was governed. Although there is controversy as to whether the Kazakh *Khanate* had a typical government structure, it was the period of the formation of the first political institutions in Kazakh history. It is, therefore, considered the first Kazakh state. Kazakhs still maintain the institution of *Juzes* today, and this division is present in the contemporary political system. In other words, Kazakh authorities try to balance the representation of positions in the government bodies and political institutions according to *Juzes*. Therefore the system of *Juzes* is important for the analysis of the political structure and interrelations of the authorities at the national and local level. There was no concerted effort made to change the institutions of government until 1730.

The makeup of the nomadic society of the Kazakh *Khanate* in many ways still prevails today with in some cases major or minor changes which can be attributed to both Tsarist Russian presence in the territory of the Kazakh *Khanate* (which will be discussed below) and later with the creation of the Soviet Union and the Kazakh Soviet Socialist Republic. It is essential to understand that the regional makeup of Kazakhstan today bears a resemblance to this period and the institutions of local governance which were put in place in the 15th century.

2.3 Tsarist Russia's agenda to sedentarisation and administrative regulation

Abdakimov (1994) considers that the Kazakh *Khanate* sought support from the Russians because Russia was the only empire that could help in the struggle with the Jungars. The disruption and famine created in the Kazakh *Khanate* by the Jungarian invasion forced many Kazakhs to flee to the Russian border.⁷² The years of this invasion are seen in the history of the Kazakhs as years of great disaster, which left a profound, long-lasting impact on the economic and political life of Kazakh *Juzes* (Levshin, 1996)⁷³. Syzdykova (2012) mentions another threat: the increasing influence of China in the region, which destroyed the Jungar *Khanate* and the Principality of East Turkestan. According to her, a Chinese offensive would

⁷² “The Kazakh steppes were under Russian protectorate from the end of the 17th century. At the beginning, the Russians did not meet any resistance, since the Kazakh tribes were then involved in a merciless war against the Jungars. Actually, the Russian military presence along the Chinese border saved Kazakhs from complete destruction. However, the Russian protectorate gradually turned into a direct seizure”, see Laumulin (2016), p. 23

⁷³ “At that period, Kazakhs of Senior *Juz* and Middles *Juz* with the aim of finding support of Russian authorities massively migrated closer to the settlements of Cossacks”, see Mukanov (1991), p. 9

have had even more disastrous consequences, and thus it was inevitable that the Kazakhs should eventually join the Russian Empire.

In the summer of 1730, the *Khan* of the Junior *Juz*, Abulkhair, sent his envoy to the Russian Emperor to ask for Russian citizenship for his people (Karazhan, Absemetova, Kozybakova, Mekebayev, Sarzhanova, Smagulov & Tileubayev, 2005). This is considered to be the point at which the Junior *Juz* joined the Russian Empire (Kasymbayev, 2012). In 1734, at the request of Abulkhair *Khan*, a Russian military expedition was sent to the Kazakh *Khanate* (Masevich, 1960).⁷⁴ Kozybayev (2000) states that when Abulkhair *Khan* was asking for Russian citizenship, he took into account the people's fatigue from protracted wars, the stagnated economy, internal strife, and the economic blockade from the Russian Empire. Moreover, at that period Kazakhstan found itself surrounded by the Russian fortresses, the Cossack settlements, the Jungars, Volga Kalmyks, the Central Asian *Khanates* and the Qing Empire. The process of the Kazakhs becoming part of the Russian Empire stretched out for more than a century and created a situation in which some of the Kazakh *Sultans* already considered themselves subjects of Russia, while the others continued to see Russia as an ally (Vasilyev, 2017).

Under Russian control, the Kazakh political-administrative structure was reformed in several stages. The progress of the colonial rule in the Junior *Juz* was more successful and rapid comparing to other Kazakh territories (Zimanov, 1982). Therefore, in the first instance, the Russian government tested its many initiatives for the colonisation of the Kazakh steppe in this *Juz*. A prominent person in introducing reforms of the Junior *Juz* was the Governor-General of the Orenburg region, Baron Otto Igelstorm (Berdanova, 2000), (Zimanov, 1960). In the 1790s, Igelstorm piloted judicial and *Volost* reforms in Bashkortostan, which were also applied to the neighbouring Junior *Juz* of Kazakhs (Vasilyev, 2017). Lysenko & Kulikova (2013) see the main feature of Igelstorm's policy as the establishment of an administrative-territorial system of management. Igelstorm thought that this would further strengthen Russian power in the region and turn the Kazakhs into a civilised society.⁷⁵ Igelstorm intended to limit migration routes to administrative boundaries, hoping that this would

⁷⁴ "The invasion of Jungars significantly destabilised the economic and political life of the Kazakh society. It was a real threat to the existence of the Kazakh people. Therefore, Abulkhair *Khan* saw accepting Russian citizenship as the only solution to save his people", see Suleimenov & Basin (1981), p. 37

⁷⁵ "Igelstorm believed that the innovations in the governing system could bring Kazakhs into obedience to Russian Imperial rule", see Kasymbayev (2012), p. 55

sedentarise nomads and familiarise them with agricultural work. These measures can be understood in economic terms. First of all, sedentarisation was an excellent way to integrate them into the Russian economy, which was traditionally agricultural. Secondly, this could ease the process of taxation. Furthermore, Lysenko & Kulikova (2013) contend that Igelstorm wanted to keep the institution of the *Khan*, limiting its power by adding three senior representatives from influential tribes. However, these reforms could not be put into practice due to the appearance of a separatist movement led by Syrym Datov which changed the political situation (Bimakanova, 2009), (Amanzholov, 2005).⁷⁶ In contrast, Shakhmatov (1947) and Kasymbayev (2012) propose a different view: that Igelstorm wanted to weaken the rule of the *Khan* or even to terminate this institution, and that it was his idea to give the power to several *Khans*, thereby weakening their influence and eroding the differences between *Khan* and *Sultan* (Kan & Shayakhmetov, 2009).⁷⁷

As a reaction to Datov's separatist activities, the Russian ruler decided to annul the institution of the *Khan* and founded the formal council of three senior representatives of the most important tribes of the Junior *Juz* (Yudin, 1897), (Kasymbayev, 2012). The management of the Junior *Juz* was transferred to the Frontier Court created in Orenburg in 1786.⁷⁸ Furthermore, in each subdivision (alimuly, baiuly, jetyru) of the Junior *Juz*, a so-called *Rasprava* was established. According to Yudin (1897), the *Rasprava* was managed by a chairman (*Sultan*) and two assessors (tribe elders) elected by the people and approved by the Frontier Court. The responsibility for the policing, executive, and judiciary functions was assigned to the *Raspravas*.⁷⁹ Lysenko & Kulikova (2013) argue that the introduction of an

⁷⁶ "The uprising led by Syrym Datov took place in the second half of the 18th century (1783-1797). In 1836-37, there was another rebellion under the leadership of Isatai Taimanov". "From the beginning of Russian colonization to the 20th century, there were at least three hundred attempts by the Kazakh people for national liberation. In essence, this was a continuous people's war for independence", see Kozybayev (2000), p.150, p.168

⁷⁷ "The Russian authorities intended to liquidate the institution of *Khan* by modifying the system of governance in Junior *Juz*", see Suleimenov & Basin (1981), p.116

⁷⁸ "The Frontier Court, as a governing body of the Junior *Juz*, was supposed to execute overseeing functions. Thus, the Tsarist government tried to unify the management system in the Kazakh steppe in accordance with the overall imperial system in Russia", see Suleimenov & Basin (1981), p.116

⁷⁹ "However, these innovations were premature. The Frontier Court was inactive, whereas the authorities of the *Raspravas* never congregated. In fact, the power in the *Juz* passed into the hands of the most influential *Biys*, see Suleimenov & Basin (1981), p.118

election system at the local level was due to the wish of the Russian authorities to instil European ideas of civil society into the traditional nomadic culture. However, the foundation of the *Raspravas* obscured the function of the traditional institution of the *Biys'* Court of Justice. This and the annulment of the institution of the *Khan* led to the strengthening of Syrym Datov's separatist movement and to opposition from the ordinary nomads who wanted the traditional form of government restored.⁸⁰ Vasilyev (2017) notes that the creation of the *Raspravas* showed its complete inconsistency. Artificially created governmental bodies had nothing in common neither with traditional Kazakh institutions, nor with the structures functioning in Russia itself. Nevertheless, this first attempt to transform the steppe administration gave impetus to the emergence of new administrative projects later on. Due to all the above factors, in 1799, the Frontier Court and the *Raspravas* were terminated with the re-establishment of the institution of the *Khan* (Vyatkin, 1960).⁸¹

A further period of reforms of the Junior *Juz* was highlighted by the 1824 *Statute of Orenburg Kirghiz*⁸² (Kazakhs) developed by the Governor-General of Orenburg, Peter Essen (Amanzholov, 2005), (Zimanov, 1960). In the same year, the institution of *Khan* in the Junior *Juz* was abolished (Suleimenov & Basin, 1981). Bykov (2003) states that according to the Statute, management of the Junior *Juz* was carried out by the Orenburg Frontier Commission. The Junior *Juz* was divided into three parts (Western, Central, Eastern) (Berdanova, 2000), and was led by the Senior *Sultan* who was appointed by the Governor of Orenburg (Kan & Shayakhmetov, 2009). Although de jure the Senior *Sultan* had to be elected, in practice he was appointed by the Frontier Commission. Bykov (2003) argues that the "New Regulations on the management of Orenburg Kirghiz", which was adopted in 1844, subdivided the three parts of Junior *Juz* into *Distantcias* which were further separated into villages. The *Distantcia* Chief headed the *Distantcia*, whereas the *Starshina* governed the village. The Frontier Commission appointed both of them.

By the 1730s, the interest of the Middle *Juz* to join the Russian Empire had increased significantly (Shoinbayev, 1962). The group of *Batyr*s led by Bukenbay *Batyr* initiated the

⁸⁰ "Syrym Datov's uprising forced *Khan* Nuraly to seek the protection of the colonial authorities. In June of 1786, the Russian Empress signed an order terminating Nuraly *Khan*'s authorities", see Suleimenov & Basin (1981), p.117

⁸¹ "In Autumn of 1797, the institution of *Khan* was restored, and *Sultan* Aichuvak became the *Khan*", see Oskolkov & Oskolkova (2008), p.36

⁸² Russians did not distinguish Kazakhs from Kirghiz, and that is why Kazakhs were called Kirghiz.

process of assuming Russian citizenship. Bukenbay was convinced that only Russians could ensure a safe life for the Kazakhs. Thus, in 1731, the central part of the Middle *Juz* assumed Russian citizenship, whereas its other regions did the same in 1740. The reforms affecting the Middle *Juz* was implemented by the Governor-General of West Siberia, Count Mikhail Speranskiy,⁸³ who introduced the *Statute of Siberian Kazakhs*⁸⁴ in 1822 (Suleimenov & Basin, 1981), (Amanzholov, 2005).⁸⁵ This Statute divided the Middle *Juz* and part of the Senior *Juz* into *Okrugs* (regions), *Okrugs* into *Volosts* (counties), and *Volosts* into villages (Kozybayev, 2000), (Bimakanova, 2009). An *Okrug* consisted of 15 to 20 *Volosts*, with each *Volost* comprising 10 to 12 villages, and a village of 50 to 70 tents (Lysenko & Kulikova, 2013), (Kan & Shayakhmetov, 2009). Residents of one *Okrug* were not allowed to move to the territory of other *Okrugs* without the special permission of the local authorities (Bekmakhanov, 1957).⁸⁶ As Lysenko & Kulikova (2013) point out, *Okrugs* were governed by the *Okrug's Prikazes*, which were formed by the Senior *Sultan* (Governor), two honourable Kazakhs and two Russian officials.⁸⁷ The presence of Russian officials in the management helped the Russian authorities to control the work of this body. The *Okrug's Prikazes* were subordinate to the administration of the Omsk *Oblast*, which was part of the West-Siberian Governor-Generalship (Suleimenov & Basin, 1981). The *Volost's Sultans* represented the executive power in the *Volosts* and were controlled by the *Okrug's Prikazes* (Berdanova, Korobkov, Tashenov & Krivosheyeva, 2001). The chair of the *Volost's Sultan* was hereditary. Each village was governed by the village elder subordinate⁸⁸ to the *Volost's Sultan* (Zimanov, 1960). Lysenko & Kulikova (2013) point out that an essential aspect of this Statute was provision for the election of the Senior *Sultan*. He was elected for three years with the right to be re-elected and had to be the pedigree of *Sultan* as mentioned above. He had authority over

⁸³ For more details on Speranskiy's reforms see Akimbekov (2018)

⁸⁴ "The main purpose of the Statute was the elimination of the traditional Kazakh political system. It significantly transformed the administrative, judicial, and territorial management in northeast Kazakhstan", see Kasymbayev (2012), p. 73

⁸⁵ "Administrative-territorial reform: the introduction of *Okrugs* and annulment of the institution of Khan", see Oskolkov & Oskolkova (2008), p.36

⁸⁶ "One of the main obstacles to the new administrative organisation was mutual enmity of different tribes, which were reluctant to live together in one single *Volost* and *Okrug*. They demanded a separate arrangement for their tribes", see Zimanov (1960), p. 159

⁸⁷ "Kazakh representatives were elected by the *Biys* for a two-year term, whereas the Russian officials were appointed by the Governor-General", see Suleimenov & Basin (1981), p.120

⁸⁸ "The village elders were elected for a three-year term by the people", see Mukanov (1974), p.77

policing and the judiciary after having been approved by the Omsk *Oblast* authorities. Moreover, in 1855, the *Statute of Siberian Kazakhs* was amended in the sense that people who were not of *Sultan* pedigree could be elected to the position of Senior *Sultan*. The purpose of this was to weaken the power of the Senior *Sultan* and erode the traditional system. Mukanov (1974) believes that taking into account its limitations, the *Statute of Siberian Kazakhs*⁸⁹ nevertheless left a positive impact on the development of the Kazakh society. The organisation of the *Okrugs* helped to sustain the territorial integrity of different tribes, and at the same time contributed to the elimination of the tribal and feudal conflicts. While the introduction of elections of *Sultans* and tribe leaders made the government process more public and thus closer to the people. Moreover, this reform contributed to the development of agriculture and trade among the local population (Zimanov, 1960).

According to Vasilyev (2017), the reform carried out by Speranskiy created in the Middle *Juz* imperial management structures, where representatives of Kazakh population became Russian officials. The core idea of Speranskiy was establishing in Kazakh land the institutions that were already successfully functioning in Russia itself, and thus accelerate the adaptation of the Kazakhs to Russian imperial rule. In the second quarter of the 19th century, different administrative models were formed in the Kazakh steppe. The Orenburg model implemented in the Junior *Juz* inherited Kazakh traditional models of governance, whereas the Siberian model (Middle *Juz*) assumed greater integration with the imperial administrative system.⁹⁰ In the Senior *Juz*, an independent government system was not formed.⁹¹ The fact that independent management models appeared almost simultaneously in the Kazakh steppe, shows the intention of Russian authorities to avoid the threat of joint opposition from the Kazakh *Juzes*. On the other hand, the Russian Empire wanted to achieve the main goals of its

⁸⁹“Kazakh traditional authorities, such as *Sultans* and tribal foremen became part of the administration of Imperial Russia. They were allocated land and administrative ranks”, see Kasymbayev (2012), p. 76

⁹⁰ “From 1822 to 1842, the *Khan* institution in three Kazakh *Juzes* was completely destroyed. Nevertheless, until the end of the 19th century, Russian authorities neither encourage the arrival of Russian colonists in the Kazakh steppe, nor interfere with the life of nomads”, see Laumulin (2016), p.23

⁹¹ “From the beginning of the 19th century, the main part of the Senior *Juz* was under the authority of Kokand and Khiva *Khanates*, whereas its southeastern region belonged to the Qing Empire”. “In 1964, the Russian Empire conquered these territories”, see Oskolkov & Oskolkova (2008), pp. 36, 38

regional policy – the integration of the Kazakh steppe with the internal parts of the Russian state.⁹²

However, there is a view that the subsequent creation of different regional institutional frameworks can be explained by a gradual increase of the territory of the Russian Empire due to its expansionist policies (Lysenko, Anisimova, Tarasova, & Sturova, 2014). Under the rule of the Russian Empire, the Kazakh people were divided continuously into various regional authorities (Karazhan et al., 2005). The 1860s was another age of reforms on the Kazakh steppe with the three Kazakh *Juzes* into Orenburg, Turkestan and West-Siberian Governor-Generalships (Berdenova et al., 2001).⁹³ The administrative-territorial units were *Oblast*, *Uezd*, *Volost*, and village (Bekmakhanov, 1957). *Oblast* and *Uezd* levels were governed by Russian administrators subordinate to the Military ministry (Atishev, 1979), whereas local people were divided on the principles of local self-government managed under *Volosts* and villages (Zhumashev, 2002). The critical point here is that this system of management was applied to local people of both Kazakh and Russian origins. Ural and Turgay *Oblasts* became entities of Orenburg Governor-Generalship, Akmola and Semipalatinsk *Oblasts* were under the jurisdiction of West-Siberian Governor-Generalship, and Syrdarya and Semirechiye *Oblasts* were governed by Turkestan Governor-General (Oskolkov & Oskolkova, 2008). In 1891, Ural, Turgay, Akmola and Semipalatinsk *Oblasts* were amalgamated into Governor-Generalship of the Steppe.⁹⁴

In comparison to Governors of other Russian regions, Governor-Generals had much more powers holding both administrative and military authorities, and in addition enjoyed making decisions on foreign policy (Berdenova et al., (2001), (Bekmakhanov, 1957), (Atishev, (1979). Lysenko et al. (2014) state that Governor-Generals had become sole rulers of the colonised territories often undermining established administrative-political structures. The era under the rule of Governor-Generals was highlighted by the struggle between the latter and the central authorities of the Russian Empire. Russian authorities tried to curb Governor-

⁹² For more on historiography of Russian Imperial discourse in Kazakh Steppe, see Igibayev (2012)

⁹³ “Reforms of 1867–1868 positively influenced the socio-economic development of Kazakhstan. They introduced first capitalist relations in the Kazakh society, which enhanced the economy and helped to eliminate regressive features of the old traditional system”, see Kasymbayev (2012, p.152)

⁹⁴ For more information on the economic relations of Kazakhs with Russian imperial authorities see Kasymbayev et al. (1980)

Generals by insisting on maintaining local-self-government mechanisms and traditional institutions of local judiciary such as *Biys'* Court of Justice. Governor-Generals, in turn, wanted to establish strong administrative hierarchies ensuring the undisputed implementation of colonial policies.

The period under the rule of the Russian Empire was a time of the first attempts to establish an administrative-territorial structure in the nomadic economy. This period was significant because the Russian authorities tried to develop a stable governmental structure and agricultural economy⁹⁵ in the Kazakh steppe,⁹⁶ even though this was done to further Russian political and economic interests.⁹⁷ Some of the features of these administrative divisions are still visible in present-day Kazakhstan.

2.3 The Soviet Union as the complexity of vertical and horizontal overseeing mechanisms

It is important to note here that, present-day Kazakhstan in many ways has retained the legacy of its Soviet past. All the Soviet republics had the same constitution as that of the Soviet Union, and as a result, there was a single structure of public administration throughout these republics (Werth, 1992). The Soviet period is essential on account of its establishment of the administrative-territorial structure, and stable political institutions in Kazakhstan. Kazakh authorities today claim that they are creating their own model of government, however, in practice, the structure of government in modern Kazakhstan has many similarities with Soviet times. The 1936 constitution of the USSR established three main branches of power (legislative – representative, executive, juridical) and a system of checks and balances between them (Bodanova, 2008).⁹⁸ In addition to these branches, there was a fourth power

⁹⁵ However, there is a view that the intentions of the Siberian administration to sedentarise Kazakhs were different in practice. The desire of Kazakh nomads to settle met resistance from the Russian authorities, see Kasymbayev et al. (1980), p.23

⁹⁶ “An important aspect of the economic development of the Kazakh region was the development of transport links, primarily the construction of railways”. “Moreover, the Russians developed mining industry and introduced first banking relations in Kazakhstan”, see Kozybayev (2000), pp.142, 144-145

⁹⁷ “Russia considered Kazakhstan, which had strategic location, as an important bastion for implementation of its foreign policy in the East”, see Suleimenov & Basin (1981), p.23

⁹⁸ “According to the new constitution, Kazakh Autonomous Republic was transformed into a full right Soviet Republic”, see Bodanova (2008), p.60. However, this constitution proclaimed the bureaucratic centralisation. For instance, the Soviet republics had no legislative powers, see Kozybayev, Nurpeis & Zhukeshev, (2013), p. 82

represented by the Communist Party, whose ostensible role was solely that of an administrator (Abdulatipov & Burmistrova, 1978). However, in practice, power was concentrated in the Communist Party.⁹⁹ The Secretary-General of the Central Committee of the Party was, in reality, the head of the country (Kozybayev et al., 2013). The Committees of the Party played the most critical role at all levels of public administration (Abil, 2005). They were above the three other branches of power and had significant influence on the decisions of the other three branches (Spitsyn, 2015a). Furthermore, the seemingly democratic elections of the members of the Supreme Soviet and the members of the Councils of People's Deputies were not free as the candidates were checked and approved by the Party and ran unopposed during elections (Werth, 1992).

At the local level, there was a conflict of interest between the executive and the representative branches of power (Spitsyn, 2015b). The members of the representative branch, the People's Councils of Deputies, formed Executive Committees, which represented executive power. However, the members of the People's Councils of Deputies made themselves members of these committees, so that in fact there was no distinction between the two. In 1977, the new constitution was adopted, but it did not bring any changes to the political structure of the country (Werth, 1992), (Karazhan et al., 2008). This system remained unchanged until 1990 when amendments were made to the constitution of Kazakhstan and eventually with the independence of the Republic of Kazakhstan a new constitution was created (Abdullayev, 2016), (Sheretov, 2003). However, in practice the Soviet legacy continues to be reflected in Kazakhstan. While it is true that the recent Soviet past influences the governance in Kazakhstan to a high degree, some changes have been made over the last two decades. These changes and reforms need to be understood in light of Kazakhstan's pre-Soviet past.

The historical evolution of governance in Kazakhstan discussed in this chapter is essential to understand the government arrangements in the modern-day Republic of Kazakhstan. It was seen that during its history Kazakhstan underwent different models of government, starting with the tribal-feudal structure of the Kazakh *Khanate*, different management structures under the Russian Empire, and single model of administration of the Soviet Union. All these periods of governance development have had their intrinsic influence on execution of government in modern Kazakhstan, which will be outlined in chapter 5. Moreover, the relations of the

⁹⁹ "In its activities, the Party heavily relied on law enforcement agencies - the State Security Committee (KGB) and the Ministry of Internal Affairs (MVD)", see Kozybayev et al. (2013), p. 133

central authorities with local government in all three periods of Kazakhs history had been shaped differently thus accelerating various degrees of centralisation or decentralisation of power. Therefore, before going to further analysis of central-local government relations in Kazakhstan it is essential to highlight how empirical and theoretical literature overall consider the issue of local government development. The next chapter summarises the main arguments of assessing improvements in local government in the literature.

Chapter 3. Local governance development and viable frameworks to evaluate it

Government is a multifaceted mechanism involving the needs and actions of different stakeholders and strata of society. Government functions vary from strategic programs aimed at improving economic conditions to the provision of basic public services such as education, health services and litter collection. For efficient performance of such a complex system, it is a practical necessity to have a managing system that reallocates tasks and responsibilities between different government bodies and tiers. Although there might be an established difference between government bodies, it is practically difficult to draw the lines where the interrelation between them finishes. It is fundamentally a challenging task for any state to delineate responsibilities between government departments. On the one hand, there is a need to provide stable governance as a single united entity; on the other, it is also important to establish frameworks that ensure prompt implementation of services according to public needs. In this regard, local government development is an integral part of the overall development of a country since it has practical implications for social and economic programs implemented by the government. However, local government being a part of the overall government system naturally depends on policies and functioning of the central authorities. The fundamental paradigm of local government development, which at its core is public service provision, is based around how much power is devolved. Local government and local governance development are fundamentally connected to decentralisation procedures. Therefore, theoretical and empirical literature generally considers the issues of local governance development through the prism of fiscal federalism, decentralisation, centralisation, central-local government relations and intergovernmental relations.

Generally, decentralisation is considered as the process of relocating decision-making authorities to subnational levels of government (Martinez-Vazquez & Timofeev, 2010). Decentralisation has different forms and types. Decentralisation consists of three forms: de-concentration, delegation and devolution. Martinez-Vazquez & Timofeev (2010) describe de-concentration as the process where some of the power is given to local governments that are controlled and appointed by the central authorities, delegation as a practice where the services of elected local governments are strictly controlled by a higher-level government, and devolution as a system with totally independent local governments in areas that are special to their obligation. Further decentralisation is divided into several types, such as administrative, political and fiscal decentralisation (White, 2011). Administrative decentralisation is mainly about delegating or devolving administrative functions to the local level, political

decentralisation is the process of allocating political and decision-making powers, and fiscal decentralisation is related to devolving fiscal powers such as expenditure and revenue assignments.

Moreover, Martinez-Vazquez & Timofeev (2010) state that decentralisation is a complex process that includes different dimensions and aspects. They point out that there are three dimensions that decentralisation mainly comprises of: “the extent of authority, the degree of autonomy, and the direction of accountability” (Martinez-Vazquez & Timofeev, 2010, p. 3). However, they contend that in practice decentralisation can have very diverse levels towards each of these dimensions.

For these reasons, Martinez-Vazquez & Timofeev (2010) show how the dimensions of expenditure decentralisation that are generally analysed by economists (regulation, financing, service delivery) correlate with the types of decentralisation mentioned above. They state that de-concentration improves only service delivery, with fiscal regulation left for the central government, and it can be further enhanced by introducing political decentralisation, which means the elections of local authorities. Under delegation, the services are distributed and partially financed locally, with the regulatory function exercised by the central government. Devolution allows local government to accomplish all the stated aspects of decentralisation in the specific areas of the responsibility.

There are also other views on decentralisation issues, which analyse it from the idea of central-local government relations. For example, Rhodes (1981) states that central-local government relations are a much broader term that includes not only levels of government, but also the other branches of power such as judicial and legislative. Rhodes adds that Margaret Thatcher, in order to bypass local government, established different mechanisms of power redistribution that included private and quasi-non-governmental organisations (hereafter quangos) in the process of service delivery. The term local governance according to Rhodes (1981) is a much broader term than local government, meaning the involvement of different local actors such as civil society, private sector and quangos, in the process of decision-making and service delivery.

Rhodes (1981) notes that in 1950-60 the discussion of central-local government relations was based on two main ideas, as local government as an agent or a partner. The agent type meant that local authorities are subordinate to the national one, and financially dependent upon them and implement programs according to their instructions, whereas the partner type implied that

local governments are equal players to the national government and the Parliament supervises this interplay. However, Rhodes (1981) states that there were many critics of this idea arguing that the fact that national government controls the flow of expenditure does not necessarily imply total centralisation and that it is rather essential to analyse the degree of the supervision powers exercised in practice.

3.1 Decentralisation as a multidimensional study

The review of the relevant literature shows that there are various visions of decentralisation. It is thought that the primary purpose of decentralisation reforms is improving local governance. For instance, Ahmad, Devarajan, Khemani, & Shah (2005) contend that strengthening local government improves service delivery, however, other experts state that decentralisation is mostly a political issue (Ahmad, Brosio, & Tanzi, 2008), (Charbit, 2006), and does not necessarily imply an improvement in service delivery and economic growth (Ahmad et al., 2008).

It is essential to understand the main drivers and causes of decentralisation. Prud'homme (1995), Triesman (2002) and Ashford (1979) agree that decentralisation becomes necessary with the rise in public income. Ashford (1979) states that when the purpose of government was less complex and confined mainly to service delivery the issue of central-local government relations was much more precise. Ashford (1979) notes that although there were political party and political arguments, the legal role of government levels was purely defined. This situation changes with the increase in the public sector and the complexity of the government. He suggests that there are two points in which this transformation happens: the rise of individual welfares, which reflects in a much larger capacity of tax collection and would influence each region according to its locality; delivering services and welfare that would require the engagement of local authorities. The direction of the development policies according to specific regions leads to the situation when some regions are industrially or economically developed, and others require additional support from the centre, and all of these make decentralisation a very adored policy.

Fesler (1965) states that in some cases the approaches to understanding decentralisation are dictated by a historical and romantic view of decentralisation, going back to the past when local communities played the vital part of countries' establishment. In some developed

countries, this is explained by the reminiscence of their rural agricultural past in contrast to modern urban-oriented development, whereas in some developing states the historical aspect is brought on the agenda due to wishing to return to traditional ways of governance against experience gained by their colonial past. Although the romantic view on local autonomy is oriented toward rural areas, historically it was cities that generated the local self-government policies.

Furthermore, decentralisation is the term mainly adjusted to rural areas, where the process of joint decision-making is easily achieved, and the electorates are engaged with their representatives. However, these advantages are in contradiction to traditional conservative views that imply that elders and local economic stakeholders profoundly influence local governance. Therefore, Fesler (1965) argues that local self-government shows little correlation to pure democracy, and therefore decentralisation does not require developed democratic institutions at the local level.

In other words, decentralisation can bring positive results to the development of countries but can also be damaging. Specialists see the main advantage of decentralisation in improving the accountability of local government to the people (Yilmaz, Beris, & Serrano-Berthet, 2008), (Charbit, 2006). However, it is also argued that decentralisation weakens vertical accountability and can lead to a rivalry between regions in the delivery of social services (Charbit, 2006). Even more, it can create conflicts between central and local authorities (OECD, 2004).

Experts argue that there are also several obstacles to proper implementation of decentralisation. Some of these are the lack of the central government's commitment towards reforms (OECD 2004), weak capacity of local governments (Charbit, 2006), (Bahl & Martinez-Vazquez, 2013), reluctance of administrative apparatus at the central level (Ahmad et al., 2005) and the execution of reforms according to the interests either of central government or of society (Yilmaz et al., 2008). In addition to this, experts stress the need to fulfil decentralisation preconditions (Bahl & Martinez-Vazquez, 2013), (Charbit, 2006). Charbit (2006) sees these as community participation in local policymaking, well-developed local institutions and media, whereas other specialists emphasise the rule of law and a well-structured system of the fiscal interrelation between government levels (Bahl & Martinez-Vazquez, 2013).

Another critical issue is to implement decentralisation reforms with fewer disruptions and

negative implications. For these purposes, specialists recommend following a particular order in implementing decentralisation reforms. The main argument is that finance should follow functions (Charbit, 2006), (Ahmad et al., 2005), (Bahl & Martinez-Vazquez, 2013). Charbit (2006) also stresses the need for sequencing, while Bahl & Martinez-Vazquez (2013) propose a particular scheme for sequencing decentralisation.

Moreover, it is essential to understand what factors could ease the decentralisation process and make it consistent. For these reasons, the role of NGOs in enhancing local governance is stressed (OECD, 2004), while the need for establishing local partnership programs involving not only the civil sector but also representatives of the business community is pointed out (OECD, 2001b). Besides, Bahl & Martinez-Vazquez (2013) suggest the establishment of local elections, since this would ensure the accountability of local governments to the people, while Yilmaz et al. (2008) emphasise the need to enhance both public and social accountability mechanisms.

As regards Kazakhstan, several studies contend that the *Maslikhats* have less power, and this weakens the local service delivery and local government performance (The World Bank, 2006), (Makhmutova, 2006), (BTI, 2014). Another report states that there is a duplication of functions between bodies of local governments and local offices of the central government bodies (ADB, 2003). Furthermore, experts highlight imbalances of per capita social services costs in education and health care among regions (ADB, 2003), (Makhmutova, 2006), and propose to equalise these costs on the basis of one patient or one student (The World Bank, 2006).

3.2 The methodological approaches to assess decentralisation and central-local government relations

There is an extensive argument in the literature about how to assess decentralisation and central-local government relations and what the most relevant methods and indicators to measure it are. Some experts agree that the process of power distribution is a very complex process that is hard to define (Fesler, 1965), (Ashford, 1971), (Martinez-Vazquez & Timofeev, 2013). Fesler (1965) and Triesman (2002) agree that that happens because public services are often shared between levels of government. The broad division of the territorial terms (towns, counties, provinces, etc.) and different regional constitutional arrangements make it problematic to evaluate decentralisation even in one particular state (Fesler, 1965). However, Rhodes (1981) states that the complexity of intergovernmental relations was mainly

assessed by looking at government operations in specific areas and little effort has been made to prove it by evaluating the general patterns of these relations.

The evaluation of decentralisation is primarily narrowed down to fiscal aspects, whereas political and policy factors are analysed less often (Rodden, 2004). The political and social institutions have become so developed and established in developed countries, especially in the USA, that it has led to mainstream decentralisation studies (fiscal federalism, fiscal decentralisation) evaluating mostly fiscal arrangements between levels of government rather than political aspects. Research widely uses fiscal indicators such as the level of expenditure and revenue to measure different forms of decentralisation and their outcomes. In many cases, experts disagree on what kind of quantitative data is more applicable and relevant, and what indicators are more efficient.

For example, Ebel & Yilmaz (2002) argue that the commonly used Government Finance Statistics (GFS) of the International Monetary Fund is not an objective indicator for measuring fiscal decentralisation. It does not clarify the level of fiscal autonomy of local authorities, does not separate the type of revenue (transfer, non-tax revenue, tax revenue) and does not describe the way that the revenue is collected (shared, local taxes). They simulated three different studies that used GFS statistics on the impact of decentralisation on budget balance (DeMello, 2000), macroeconomic stability (Davoodi & Zou, 1998), and size of public sector (Oates, 1985). In their simulation, Ebel & Yilmaz (2002) used as indicators the revenue structure of subnational governments presented by OECD (2001a), and the results of the simulation were different to the original ones that used GFS indicators.

Thornton (2007) raises a similar argument. He states that much empirical literature suggesting that the decentralisation positively affects economic growth do not distinguish the indicators of expenditure and revenue owned by local governments, from that given or shared by the central government. The results of his simulation using the revenues on which local governments have full independence showed that the effect of decentralisation on economic growth is insubstantial.

Rodden (2004) also states that many studies evaluating the level of countries' decentralisation do not take into account the indicators that explain the fiscal autonomy of local governments, such as grants and transfers of the central government, shared revenues and expenditure, and tax competence.

In contrast, Neyapti (2010) contends that estimations of fiscal decentralisation with withdrawn indicators of grants and transfers do not show a significant difference to those using GFS indicators. He estimated by using GFS parameters that larger population size correlates with the budget deficit, and replicated analysis using locally owned revenue and expenditure shows similar results.

Another critical question is whether fiscal indicators are enough to analyse decentralisation and its influence on development. Most of the specialists agree that decentralisation has various types and includes different aspects of development that analysing it only by using fiscal indicators can be inconclusive and irrelevant. For instance, Martinez-Vazquez & Timofeev (2013) argue that for the evaluation of decentralisation not only fiscal variables but also non-fiscal describing institutional arrangements (territorial construction, legal status, borrowing authorities and financial infrastructure of subnational administrations) should be used. Even more, they state that regulation, which is the primary form of intergovernmental interference, is practically impossible to be measured by using fiscal indicators. Ebel & Yilmaz (2002) state that it is imperative to choose relevant variables to study fiscal decentralisation and stress that as well as quantitative practices qualitative methods should also be used that take into account countries' institutional constructions. Rodden (2004) contends that fiscal parameters alone cannot explain the level of decentralisation and its impact on other factors. Therefore, he provides several facts as examples, such as: in some countries that have a significant level of local revenues and expenditures, the tax rate is established by the national government; in other countries, subnational governments have powers over local tax formation, however, their authority limited on local borrowing. Fesler (1965) states that due to the complexity of decentralisation it is often measured using only available indicators such as shares of expenditure and revenue, workload etc. that are not able to describe the full complexity of it.

In contrast, Ashford (1979) argues that evaluations of intergovernmental relations through quantitative analyses were unsuccessful in comprehending all the complexity of this policy. He illustrates the case of France and Britain, where the latter has a more substantial portion of local expenditure in overall national expenditure. However, it does not mean that in Britain local authorities play a more critical role in central decision-making process. Ashford (1979) suggests using the level of capital spending and current spending both of the national and the local governments, as well as the level of transfers given by the central government and fiscal

autonomy of local authorities.

Further to the discussion of measuring concepts, there are some other propositions by scholars. Several scholars agree that the role of administrative apparatus in shaping decentralisation and centralisation policies is essential. Rhodes (1981) states that there are indeed ways through which local officers can interact with their central colleagues, either through personal connections or professional unions or as a part of shared board units, and that these connections can lobby or affect the local issues. Ashford (1979) argues that policy towards decentralisation or centralisation is not just shaped by policies of political parties, but both by political and administrative strands. He gives the example of France, where administrative bureaucracy has such an influence in policymaking that it would not be possible to make that shift towards the centre.

Fesler (1965) states that dividing the administrative arrangements of the levels of government is complicated, since levels of government are often in close cooperation and share many services. He notes that the common obstacle in administrative decentralisation is a conflict of function and area. According to him, this is the situation when the appointee of the national government (prefect or regional director) who is responsible for all arrangements in a particular local area is also in charge of personnel of other national agencies in this territory. He states that both sides of this conflict have their reasonable arguments. The needs of an agency are convenient since it has to have control over its personnel to implement national policies, whereas a prefect's or regional director's claims are dictated by the responsibility for regional development.

Triesman (2002) proposes such an indicator as 'appointment decentralisation'. He defines this as whether the appointment comes from the centre or locally. He stresses that the method (election or selection) of appointment is not as important as the level, which is involved in the appointment. He notes that in some political systems there are officials represented by both levels of government (prefects, commissioners) and this makes it difficult to measure the extent of decentralisation.

Another proposed strand is to analyse the influence of local government on the centre. Triesman (2002) identifies it as 'decision-making decentralisation'. He defines its level according to which tier of government has more decision-making authorities. He states that this aspect is understood by analysing the legal allowance and constraints on a particular level of government. However, he argues that there is an obstacle to measure it since services are

often shared between levels of government and that sometimes two different tiers both have power over a particular service. Moreover, he states that analysis of decision-making powers of local government has to include both the extent of influence of national government on local authorities and vice versa. For this reason, he gives an example of the countries where the representatives of local areas compose the upper chamber of Parliament.

Rhodes (1981) states that the theory of corporatism is an important study towards understanding intergovernmental relations since it analyses not only state and industry relations, but also the relations of local and central authorities.

Page & Goldsmith (1985) use the example of indicators such as the range of practical tasks that local governments have, and the ability of local authorities to stall the will of the central government to implement local government reform. They contend that these indicators show that France can be accepted both as centralised and decentralised and the same for the United Kingdom, since in France local authorities have less functional tasks than in the United Kingdom, and at the same time they are able not to allow the central government to implement local government transformation.

Rodden (2004) suggests looking at nature how the national and local electoral fields interact. He states that local politicians can influence elections to the central government and Parliament, and the central government can affect local elections through a political party. He states that therefore this measure is essential concerning understanding the level of political autonomy of subnational tiers of government and political interdependency of levels of government.

Rhodes (1981) states that the influence of informal relations between government levels on decision-making in both directions and the role played by political interactions between levels of political parties or different sorts of organisations involved in the intergovernmental discussion process are neglected areas. He states that there are many channels of interaction and this could have a substantial effect on the feature of central-local government relations.

The issue of central-local government relations is mainly examined from the angle of centralisation and decentralisation (Page & Goldsmith, 1985). Some scholars argue that these frameworks often make the process of evaluation more complicated than it should be. For instance, Ashford (1979) states that there are no pure centralised and decentralised states, due to the complex structure of the states and diversity of their regions. He argues that any

country would play both policies depending on the needs to some degree. In addition to this, Fesler (1965) argues that centralisation and decentralisation are often analysed as opposing ideas. However, they are both critical in understanding the nature of governance, and there should be a term explaining both of them as a single concept.

Although most of the research agrees that decentralisation is a multifaceted and multidimensional process that requires analysis of many factors accompanying it, the majority of them measure it through quantitative equations using various fiscal indicators. Rodden's (2004) illustrations of measuring policy and political decentralisation are definitely crucial in terms of understanding the overall trend in this area, however, he also states that the cross-country analyses cannot be fully comprehensive without initially providing comparative country case studies that will take into consideration the aspects of evolution and development of institutions.

We can see that the literature on local government development considers the issue of power arrangements between government levels through different paradigms. While some studies focus on fiscal aspects, others suggest looking at different aspects of power flow including administrative and political dimensions. For more details on the main notions of decentralisation overall and this process in Kazakhstan, see appendix 2. Having outlined the main notions of central-local government relations in the literature it is essential to explain how this complex process is going to be examined in this research. Therefore, the next chapter gives details of the methodology of this research on assessing local government and local governance development in Kazakhstan, and the selected case studies.

Chapter 4. Method of analysis

As discussed above there are different approaches to evaluate decentralisation and central-local government relations. However, it is essential to practise the mechanism that can be more inclusive and transparent. As was seen in the previous chapter, central-local government relations is a complex process that requires analysing different aspects of government development which includes both the institutional structures and power flow in practice. For these reasons, this research focused on analysing the historical development of local governance in Kazakhstan that shows specific local conditions of institutional development and evaluates it not only from the views of local expertise but also from international perspectives. Likewise, it was important to study the experience of other countries such as the Russian Federation, Armenia, England and Greece that can bring positive features of local governance development as well as outlines of development that suggest that local governance in some cases can have very similar or dissimilar patterns and drivers. This research also took into consideration the aspects of public governance development (historical development, the factors of ethnic and linguistic diversity, local mentality, budgetary and political systems, global experience, geographical location, environmental conditions, geopolitical factors and etc.) that positively affect the condition of concurrent local governance in Kazakhstan and in the case studies. Another significant point is that the analysis of public governance development in the selected countries was converted to graphs that explicitly indicate different variables and inter-influence of various stakeholders in a simple and clear way. The principal methodology of this research is to investigate structures, incorporating local and global experience, to analyse both structural and functional implications. The methodology of this research is broadly similar to qualitative research methods. The research method is based on interviews and analysing structural and systematic biases.

Furthermore, this analysis is benchmarked against theoretical models in the field of development of local governance. First of all, I analysed existing models and proposals available for improving local governance in Kazakhstan, together with experiences in other countries. This helped to incorporate global experience and local development and to translate them into the present framework. Secondly, I interviewed local government officials in Kazakhstan. Thirdly, I analysed the power flows in Greece, England, Russia and Armenia according to the legislative constructions of these countries. Finally, in order to understand the practical aspects of local governance development, I conducted fieldwork research in the

four countries. To get a better insight into political transformation, there is a need to accompany the analysis of the institutional framework with practical views of the individuals who are involved in local governance in Kazakhstan. For these reasons, I interviewed the practitioners of local government in Kazakhstan to measure how they realise the institutional challenges to local government development discussed in this chapter, and necessary improvements to ensure adequate local governance. The critical point is that the institutional construction was a benchmark for the discussion with the local practitioners, which will be presented in chapters 7 and 8.

One of the key findings of the thesis was to create organisational flowcharts of governance that are depicted in chapter 9. These flowcharts were essential in being able to compare how different models of government work. The flowcharts are a synthesis of analysis of institutional frameworks of governance and fieldwork research in the selected countries. On the one hand, the flowcharts helped to build the questions for interviews with local practitioners; on the other, the flowcharts themselves are the outcome of the interviews. For instance, the flowcharts explain the formal construction of government institutions based on constitutional arrangements and specific laws on government and local government. At the same time, they provide insight into real power flow between government levels explained by the interviewees. The critical point is that while the interviews helped to build an empirical knowledge of local governance development in the selected countries, the flowcharts contributed to depicting both the formal construction of government and practical governance arrangements.

In Kazakhstan, I conducted fieldwork research in two rounds. In the first round, I conducted semi-structured interviews with civil servants and public officials at different levels of local government such as village, *Raion*, and *Oblast*, including *Maslikhats*, which are local representative bodies. This, I believe, helped to draw up a holistic picture of local governance development in Kazakhstan not only encompassing central-local government relations but also the interactions between local government levels and branches of power at the local level. Besides this, today there is a new political movement in Kazakhstan, which is the appointment of young and Western-educated *Akims*. This is publicly presumed to modernise the conventional local government. Therefore, in the second round, I conducted unstructured interviews with local government officials in the cities of Almaty, Astana, and Shymkent, which are now governed by young and Western-educated *Akims*. These, I consider, shed light on the real implications of appointing this apparently new type of *Akims*, and how their

performance contrasted to the established practices of local governance in Kazakhstan. In Greece, England, Russia and Armenia, I carried out semi-structured interviews similar to the ones in Kazakhstan. The semi-structured interviews contained five general questions on local governance development, with one extra question for the case of Kazakhstan. The questions can be found in appendix 2.

In this research, I provide a particular codification method for the answers of the interviewees. For research ethics reasons, the real names of the respondents are not specified. This helped to secure the personal and professional data of the interviewed individuals. I code the interviewees' names in Kazakhstan as letter K, in Russia R, in Armenia A, in Greece G, and in England E, with a subsequent index number. The views of respondents have great importance for this research and will be discussed in chapters 7 and 8. A full transcript of the interviews can be further provided on request.

In Kazakhstan, for the first round with semi-structured interviews, I selected nine local government officials. To have information on local governance in Kazakhstan, I interviewed representatives at all levels of local government such as village, *Raion*, and *Oblast*, including *Maslikhat*, which is a local representative body. From the village level, I interviewed K1 and K2. K1 has been the *Akim* of the rural district for eight years. He also served for six years as deputy *Akim* of the town. K2 from 2004 to 2014 worked as *Akim* of the rural district. Both K1 and K2 have profound work experience in local government at the village level, and therefore, on the one hand, explained what the relationships of village authorities with *Raion* and *Oblast* levels are, and on the other described present challenges and needs at the very low level of local government in Kazakhstan. From the *Raion* level, I interviewed K3 and K4. K3 for many years served as *Akim* of the town. K4 served for several years as deputy *Akim* of *Raion*. Beside this, K4 served as a head of the department of youth policy in *Oblast*. Currently, K4 is a deputy head of the department of the Ministry of Education of Kazakhstan.

K3 and K3 precisely described the advantages and disadvantages of local governance at *Raion* level. Also, K4's work experience at *Raion*, *Oblast* and central government levels were helpful to depict decentralisation trajectories in Kazakhstan from different angles. As representatives of *Maslikhats*, I selected K5, K6 and K7.

K5 was the Secretary of the *Oblast Maslikhat* for four years. *Maslikhats* are headed by

secretaries, and therefore K5 could explain how a *Maslikhat* was organised and what the challenging points of a *Maslikhat's* relations with an *Akim* are. K6 is a member of the *Oblast Maslikhat*.

K6 has extensive work experience in different local government bodies. At different times K6 served as *Akim* of the city, Deputy *Akim* of the city, Chief of Staff of *Oblast Akim* and head of various departments in *Oblast*. K6, therefore, was able to highlight the *Maslikhat's* performance in contrast to the work of *Akims* of city and *Oblast* levels. K7, in turn, is the Chief of Staff of the *Maslikhat* and served in this position for many years. K7, being a non-political official but in charge of providing steady work for the *Maslikhat*, clarified how the *Maslikhat's* powers have evolved and what the everyday challenges are. As a representative of the *Oblast* level of local government, I interviewed K8. K8 has a deep understanding of local governance development in Kazakhstan especially of *Raion* and *Oblast* levels. He served at different periods as deputy *Akim* of *Oblast*, *Akim* of several *Raions*, and head of various departments in *Oblast*. Thus, K8 delineated challenges and perspectives of local governance at *Raion* and *Oblast* levels, and the interrelation of *Oblast* authorities on the one hand with the central government, and on the other with *Oblast Maslikhat* and lower levels of local government. Finally, I interviewed K9, who has extensive expertise in fiscal issues of local government. K9 served as a chairman of tax committee in *Raion*, deputy *Akim* of the city, *Akim* of *Raion*, and head of different local departments on financial and economic matters. K9 explained the challenges of fiscal decentralisation in Kazakhstan and the ways to improve it. It is also important to note that most of the respondents mentioned above have work experience in the former Soviet Union, and therefore they were able to highlight positive and negative sides of modern governance in comparison to the Soviet practices and provide historical continuity in their understanding of governance in Kazakhstan.

For the second round of unstructured interviews, I selected six local government officials in the cities of Astana, Almaty, and Shymkent. It is worth highlighting that these respondents are young officials having no work experience in the Soviet Union and members of the teams of the new wave of *Akims* who are young or graduated in the West. In Astana, I interviewed K10 and K11. K10 is the most high-ranking official among the respondents. K10 served for many years as a Minister and Deputy Prime Minister of the Republic of Kazakhstan. Although K10 has not studied in the West, he is publicly accepted as one of the new type of managers with a political agenda of innovation and transformations. K10's views were important for understanding how *Akims* who form local political and economic frameworks assume local

governance development in Kazakhstan.

K11 is a high-ranking official in the *Akimat* of Astana. K10 has been working in this position for many years experiencing the appointment of many different *Akims*. Therefore, he was able to observe the strength and weaknesses of the new *Akim* in comparison to the previous ones. In Almaty, I interviewed K12, K13, and K14.

All of them worked in the team with new city *Akim Baibek* who is young and graduated in the West. K12 is the head of the department of the city. K12 has work experience in different public organisations on youth development. The department K12 works in is the main one responsible for improving local government's connections with the citizens. Therefore, K12 could examine how local government in the city has transformed with the appointment of *Akim Baybek*. K13, who graduated in the West, has both academic and public governance experience. At different periods he was at the top position in the Academy of Public Administration under the President of Kazakhstan and chaired a subdivision in the Administration of the President of Kazakhstan. Thus his view represented both practical and theoretical understanding of local governance development.

K14 is a Deputy *Akim* of *Raion* in Almaty. K14 has been working in local government for many years and now serves under recently appointed *Akim* of *Raion* who is young and was educated at a Western university. K14 clarified how the new style of governance brought by *Akim Baybek* was implemented at the *Raion* level.

In Shymkent, I interviewed K15 who was at the leading position in the city *Akimat*. K15, who was educated in the West, served in different governmental bodies including the Office of the Prime Minister and the Agency for Civil Service Affairs of Kazakhstan. K15 explained how local government in the city was modernised with the appointment of new Western-educated *Akim Abdrakhimov*.

In Russia, I conducted interviews with three people. The first respondent was R1 who is a Doctor of Economics, and a member of the Institute for New Industrial Development and the Free Economic Society of Russia. R1 has been working for an extended period on building the doctrine of industrial development of Russia. As a member of the Free Economic Society of Russia, he provides expertise on creating policy agenda in the economic development of Russia. His knowledge of economic development in Russia was an important source to understand how the power trajectories were shaped in practice and what the current trend in

Russian public governance is. The second interviewee, R2, is a renowned Professor of Economics at Moscow State University.

R2, being a prominent scholar on political economy in Russia, has a broad knowledge of the economic policies exercised in the former Soviet Union and their practical implications in the modern world. Therefore, he could talk about governance development in Russia through the prism of its connection to the Soviet past. The third respondent is a member of a municipal council in Moscow, R3. He is a Doctor of Economics and represents an oppositional political party. R3 depicted the structure of local government in Moscow and the challenges of local self-government bodies in this city. Furthermore, he was able to discuss local governance development in Moscow both from theoretical and practical perspectives.

In Armenia, I interviewed four people. A1 served as ambassador of Armenia to a foreign country. A1 has profound work experience in international institutions such as the United Nations and the International Monetary Fund. Therefore, he was able to clarify how public governance in Armenia has developed since the foundation of the independent Republic of Armenia, and the practical drawbacks of implemented reforms. The second respondent, A2, is a founder of different non-governmental organisations in Armenia and was an active member of various leadership programmes organised by international institutions. His opinion was essential to understand how government reforms in Armenia are understood by civil society. The third interviewee, A3 works at the office of Human Rights Defender of the Republic of Armenia. She has been trained in Western universities. A3 is actively involved with the issues of communal and local development in Armenia and practically knows what relationships between different levels of government and the people are. The fourth respondent, A4, works at the National Gallery of Armenia and has work experience in governmental bodies of cultural, sport, and educational development of Armenia. He knows how governance is organised internally in Armenia and the foundational basis of administrative reforms.

In England, I interviewed nine people. E1 and E2 have both worked in local government for a period and also served as Members of Parliament. Their expertise was vital since they know how both local and central government organised and what are the relationships between the two in practice. Additionally, I interviewed two councillors of city council E3 and E4, and two councillors of county council E5 and E6.

These councillors represent various political parties and therefore have different political agendas. E5, as a member of a committee in the county council, was able to stress challenging

points of development in the county. In addition to this, E5 is originally from a federated state and therefore challenged the unitary system in the United Kingdom in contrast to the federal structure of government. E6 used to serve as an officer in the county council and therefore explained the power flow from both perspectives of an elected councillor and a civil servant. E6 is a member of numerous joint commissions of the city and the county councils and is actively engaged in issues of city development. Thus, E6 also outlined the negative and positive sides of cooperation between the two councils. E4 is an active councillor for communities' development and explained her party's agenda in the city council. E3 serves both as a member of the county council and city council. E3 does not represent any political party and therefore has an unbiased understanding of political parties' influence on shaping power distribution in the local councils. Besides this, E3 knows how both councils work and what the limitations of their institutional capacities are. To have a comparative vision from other regions of England, I interviewed a councillor of a London borough, E7. E7 explained the challenging trajectories of local governance in London. Besides collecting the views of elected officials of local councils, it was also essential to understand how the local government organisation is understood from the perspectives of civil servants.

For this reason, I interviewed E8, who is the head of a department at city council, and previously served at the level of central government. E8's experience both at local and central government helped him to rationalise the relationships between central and local government, and how in England the system of government is generally shaped. Finally, to have a view of an academic expert, I interviewed a professor at the University of Manchester, E9. E9 has both work experience in local government and conducting different research on local government in England.

In Greece, I conducted interviews with four individuals. All of them were acting officials of local government. G1 is the head of the regional council. G1 being elected together with the governor explained the power flow at the regional level, which is the second level of local government in Greece. G1 illustrated how regional authorities operate and what the weaknesses of regional authorities and impediments to better governance at a regional level are. I also interviewed, G2 who is a deputy director general of the region, and the head of the administrative staff. G2 being the head of the administrative staff described how the regional governmental bodies work, and what legislative and administrative rules were amended in Greece to improve local government.

The third respondent was G3, who is vice governor and is in charge of the regional unit. G3 is responsible for the operation of the regional unit, which used to be a separate institutional division called prefecture. Therefore, G3 was able to outline the process of cooperation between two levels of local government such as region and municipality. The fourth respondent, G4 is the mayor of a city. G4 summarised the challenges at the level of the first tier of local government, and the cooperation of municipalities both with the central government and regional authorities.

Here it is worth describing the process of arranging research interviews with government officials in the selected countries. I suppose this information might be useful for researchers who intend to conduct research fieldwork in those states. The first country I conducted research interviews in was Kazakhstan. Knowing that the discussion of improvement in local government of Kazakhstan might be a politically contentious issue for civil servants in this country, I arranged the interviews with public officials using my personal and professional connections in the governmental bodies of Kazakhstan. Besides this, many of them were not acting government officials. In Armenia and Russia, I wrote official letters to different governmental bodies. However, I did not receive any support from the governments of these countries, which brought a significant difficulty into conducting fieldwork research. In Russia, many officials refused to take part in this research since the official political discourse was about geopolitical confrontation with the western countries. Therefore, government practitioners were not eager to deal with representatives of western academic institutions. While in Armenia, it was a time when the government experienced significant public pressure to reform and therefore civil servants abstained from getting involved in any events, which were not officially approved by the government. As it is well known, later on, the then government were ousted as a result of the “velvet revolution”. In Greece, I arranged interviews using the professional connections of my supervisor, which was of great help. England was the only country where I secured meetings with government officials without any help of third persons. I wrote emails to different members of local councils, and most of them were positive about providing their views on local government development in England.

The views of the respondents in the selected countries will be discussed in chapters 7 and 8. Having explained the methodology of this research, now the discussion turns back to government execution in Kazakhstan. Therefore, the next chapter deals with the development of government from the period of the foundation of the Republic of Kazakhstan in 1991.

Chapter 5. The institutional development of government and local government in the Republic of Kazakhstan

The evolution of public governance in Kazakhstan discussed in chapter 1 provides a comprehensive narrative of government development in Kazakh history, which could be of help to better understand challenges of development in modern Kazakhstan. Government structures on the Kazakh territory have had various features throughout history, from steppe constructions in Kazakh *Khanates*, dissimilar regional models under the rule of Russian Empire, and to the unified system in the Soviet Union. This reflects that in each of these periods there were differing levels of regional autonomy and centralisation of decision-making powers. Moreover, these periods of development are crucial junctions of the overall evolution of Kazakh statehood, and thus are essential to the analysis of governance practices today. However, the principal effect on the current government structures has been Soviet, which has led to the foundation of the Republic of Kazakhstan. The process of establishing an independent state was challenging for Kazakhstan, especially considering the needs of complete transformation of the country from a planned economy under directive governance to a free market economy with democratic institutions. This chapter outlines the path of Kazakh authorities in building government institutions in the newly independent Kazakhstan and focuses on analysing the institutional construction through the prism of central-local government relations. It is important to note that the institutional construction is a primary source for depicting the process of power distribution in the country, and therefore its centralised or decentralised vector in public governance. Moreover, it is an essential benchmark for analysis of the country's capacity to undergo further transformations and viability to adapting foreign models.

In this chapter, I analyse the construction of government and central-local government relations in the first instance by studying the constitution of Kazakhstan of 1995. Constitutional Law of Kazakhstan “On the Parliament of the Republic of Kazakhstan and the status of its deputies”, and “Rules of Procedure of the Parliament of the Republic of Kazakhstan” were helpful to understand the power flow between branches of power at the central level of government. For depicting the powers and obligations of local government, and its institutional structure I reviewed the following pieces of legislation: The law of Kazakhstan “On Local Government and Self-government in the Republic of Kazakhstan”; and the law of Kazakhstan “On Administrative-Territorial Division of the Republic of Kazakhstan”. The Budget Code of the Republic of Kazakhstan, the Decree of the Government

of Kazakhstan “On the approval of rules determining the size of the guaranteed transfer from the National Fund of the Republic of Kazakhstan for a three-year period”, and the Decree of the Government of Kazakhstan “On the approval of rules determining the size of the guaranteed transfer from the National Fund of the Republic of Kazakhstan for a three-year period” were essential to illustrate the budget process in Kazakhstan and fiscal relations between government levels. While the following official papers of the government were important in explaining what was the official discourse towards democratisation and devolution of powers to local level of government: Plan of the Nation “One hundred concrete steps to implement the five institutional reforms”; Explanatory note of the Prime-Minister of Kazakhstan “On amendments and additions to certain legislative acts of the Republic of Kazakhstan on the division of powers between levels of government”; the Law of Kazakhstan “On the Introduction of Amendments and Additions in some legislative acts of the Republic of Kazakhstan on the development of local self-government”; the Law of Kazakhstan “On Public Councils”; and the Constitutional Law of Kazakhstan “On Elections in the Republic of Kazakhstan”. Besides this, I benchmarked the analysis of the legislative documents of Kazakhstan to views of the experts of the international institutions on local government development and decentralisation of power in Kazakhstan.

In 1991, Kazakhstan declared its independence, and the first constitution of Kazakhstan, declared in 1993, established three branches of power and a system of checks and balances, stating that the head of the state was the President (Nurpeisov & Kotov, 1995). The model was that of a Parliamentary Republic. With the amendments to the constitution of the Kazakh Soviet Socialist Republic already made in 1990, the President became the head of executive power, and the Council of Ministers was renamed the Cabinet of Ministers (Nazarbayev, 2008). There were many debates about how the legislative and the executive branches of power should interact with each other because the constitution did not explain this clearly. As a result, there was a power struggle between the executive and the Parliament, and the new laws led to many debates in what was still called the Supreme Soviet. The President had a choice to keep this constitution or to establish a new one in order to make improvements in the socio-economic sphere quickly and productively. Thereafter, the Supreme Soviet was dissolved by a decision of the Constitutional Court. Until 1995 there was no Parliament in Kazakhstan, and the President had the power to accept laws directly. In 1995, the present constitution of Kazakhstan was approved after a referendum, and a bicameral Parliament was established, composed of the Senate and the *Majilis*. At the same time, a Constitutional Council and Supreme Court were also established, and the President was given a

significant range of powers. At the local level, Councils of People's Deputies were replaced by local councils, known as *Maslikhats* and executive power was represented by *Akims* (mayors). In this way, Kazakhstan gradually became a Presidential republic.

The political structure of Kazakhstan has remained much the same since the establishment of its major political institutions in the 1990s. The office of the President has continued to remain strong, and some would argue even gained more powers, giving Kazakhstan a robust presidential structure of government. Since independence, the President has continued to prefer economic reforms over political reforms, as he argues that it is easier to proceed with political reforms in a country that already has a stable and developed economy, and for this reason, he was given broader powers by the constitution (Nazarbayev 2008). For example, he was given the power to dissolve the *Majilis* if it passed a vote of no confidence against the Government and the President did not agree with this decision. This has happened several times in Kazakhstan.

The President was also made responsible for appointing 15 of the 47 members of the Senate (Akorda, 2017), the other 32 being elected by the members of the *Maslikhats* for a six-year term (Adilet, 1995). The members of the Senate have powers on giving consent on the appointment of the Chairman of the National Bank, the Attorney General, and the Chairman of the National Security Committee by the President. Moreover, at the proposal of the President, the Senate appoints the Chairman and the judges of the Supreme Court.

In 1999, the President formed the Otan party (renamed Nur Otan Party), which has since gained an increasingly prominent position in Kazakh politics. However, this development has met with criticism. It is claimed that the more powerful the ruling party becomes, the more similar it is to the former Communist Party in the Soviet Union. In 2005, the *Majilis* were given the right to give consent to the appointment of the Prime Minister by the President. However, in 2007 the procedure of election of members to the *Majilis* changed, so now its members are elected only if they are members of a political party (Adilet, 1995). This has reduced the possibility of electing candidates who do not support the President. Today, two more parties are represented in the *Majilis*: the Communist party and the Ak Zhol party.

However, the ruling Nur Otan party still has the majority of seats, and in reality, the two new parties offer little opposition to the government.¹⁰⁰

As regards local government in Kazakhstan, it is divided into the following administrative-territorial units: village, township, rural county, district in city (town), city (town), *Raion* and *Oblast* (Adilet 1993). There are 14 *Oblasts*, two cities of Republican significance such as Almaty and the capital city of Astana, 177 *Raions*, 87 cities and towns, 30 townships and 6,668 villages (Committee on Statistics, 2017). According to the constitution of the Republic, local executive bodies headed by *Akims* are part of a unified system of executive bodies of the Republic of Kazakhstan (Akorda, 2017). In other words, the executive power in Kazakhstan is top-down, formed with vertical hierarchical subordination. For instance, *Akims* of *Oblasts*, the cities of Astana and Almaty are appointed by the President with the consent of the relevant *Maslikhats* (Akorda, 2017), whereas *Oblast Akims*, in turn, appoint the *Raion Akims* with the consent of the *Raion Maslikhats* (Adilet, 2001).

Nevertheless, the President has the right to dismiss the *Raion Akims* at his/her discretion. *Akims* are responsible for designing socio-economic programs for local development and the execution of local budgets. Besides this, they manage communal property and appoint heads of local executive bodies. Local representative bodies are *Maslikhats*. The people directly elect the members of *Maslikhats* for a five-year term. However, the President can dissolve *Maslikhats*. The *Maslikhats* are in charge of approving local socio-economic programs and local budgets. Additionally, the members of *Malslikhats* consider reports of *Akims* on the execution of local budgets.

Since independence, changes to the structure of local government have had little practical effect. For example, in 2006 pilot elections of *Akims* of *Raions* and towns by the members of the *Maslikhats* took place. In the summer of 2013, the *Akims* of towns of *Raion* significance, villages, settlements, and rural districts (hereafter rural *Akims*) became elected by *Raion Maslikhats*. This can be recognised as the first trend towards the democratisation of local government in Kazakhstan.¹⁰¹ However, in practice, this is not the case since the law

¹⁰⁰ In the near future, Nur Otan will retain dominance in the political system of Kazakhstan (see <http://www.ia-centr.ru/expert/12837/>, accessed 18 October 2014)

¹⁰¹ The latter elections were the first of their kind in Kazakhstan's short post-independence history (see <http://www.inform.kz/rus/article/2580959>, accessed 20 September 2013)

stipulates that the right to present candidates for these elections belong to *Raion Akims* (Adilet, 2001).

Furthermore, despite being elected by the *Maslikhats*, rural *Akims* are still dependent on *Raion Akims*, who have the right to dismiss them. At the local level, the *Akims* have the most power. The legislation gives the *Maslikhats* power to pass a vote of no confidence against the *Akims*. If the President does not agree to dismiss the *Akim*, the *Maslikhat* can later vote again. If the President decides a second time not to dismiss them, he/she must dissolve the *Maslikhat*. Rarely has a vote of no confidence against an *Akim* become fact in Kazakhstan. Moreover, members of the *Maslikhats* are often the directors of state-owned companies, which are funded from local budgets under the control of the *Akims* themselves.

Thus it is seen that the institutional structures in Kazakhstan provide considerable powers to the President and do not consider local government bodies as separate political institutions. There are popularly elected *Maslikhats*, but in practice, local issues are managed by *Akims* who are part of the single system of civil service, and therefore have no institutional capacity to execute independent policies. However, as discussed in chapter 2, decentralisation policies are conventionally divided into three types such as administrative, political, and fiscal. While the institutional framework is a viable source for depicting the country's level in administrative and political strands of decentralisation, defining the level of fiscal decentralisation requires analysing the formation of local incomes. It is worth noting that this research does not aim to measure decentralisation levels in Kazakhstan and other countries, and instead focuses on highlighting the status of central-local government relations in Kazakhstan and factors relevant to the process of further development of local government in this country. However, in order to understand this, it is essential to depict the government policies towards local government development, which are inevitably bound to centralisation or decentralisation policies. Therefore, besides analysing the institutional framework in Kazakhstan, it is also important to measure powers of local government in managing fiscal resources independently, which in turn is an essential indicator of decentralised or centralised nature of government. In other words, within the discussion of centralisation/decentralisation, the formation of budgets and the representatives who have power over them are of vital importance. For these reasons, the following is a visual depiction of the analysis of the formation of republican and local budgets in Kazakhstan.

In Kazakhstan, the following budgets are formed and executed at these levels: Republican

budget; *Oblast* budget, budgets of the city of Republican status, capital; budgets of *Raion* (the city of *Oblast* significance) (Ministry of Justice of the Republic of Kazakhstan, 2008). There is also the National Fund of Kazakhstan, which accumulates incomes from taxation on oil-industry sectors. It is a fund specifically designed for stabilising the economy when needed and is used when the Republican budget has a deficit and needs additional financial support. The National Fund is spent in the following way: in the form of a guaranteed transfer from the National Fund to the Republican budget and in the form of targeted transfers from the National Fund to the Republican budget for the purposes defined by the President. A guaranteed transfer from the National Fund to the Republican budget is determined by taking into account the size of the non-oil budget deficit, and its amount should not exceed one-third of the total assets of the Fund.

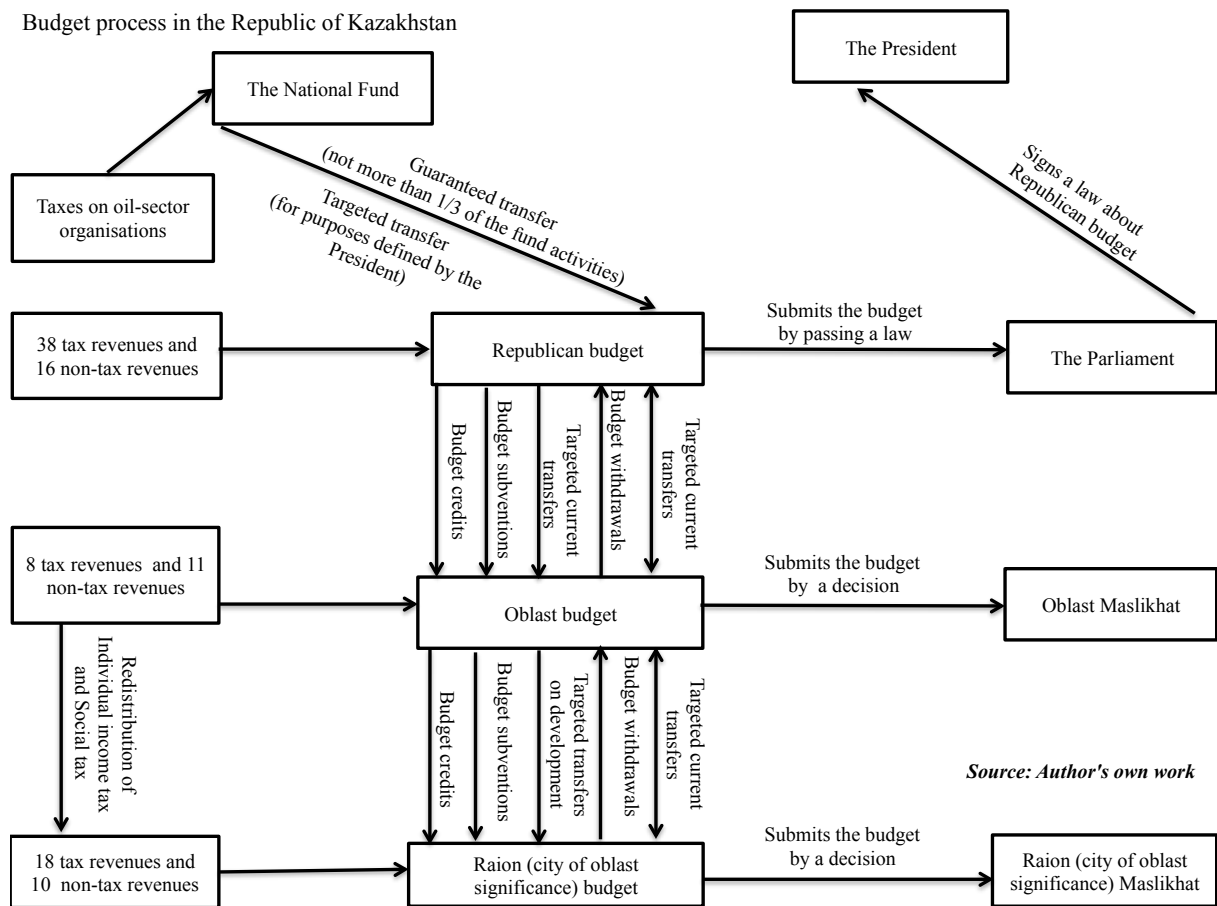
The Republican budget is built up over three years and approved by passing a law “On the Republican Budget”, 38 different tax revenues and 16 different non-tax revenues compose the profits of the Republican budget. The primary incomes from taxation flowing into the Republican budget are: corporate income tax, except revenues from the oil-sector; value-added tax; and excise duties on goods imported into the territory of Kazakhstan; excess profits tax, except for revenues from the oil sector. The Republican budget contains expenditures including defence, public order, and security; legal and judicial; education, public health, social assistance and social security; culture, sport, tourism and information; transport and communication; energy; agriculture; architecture and construction; housing and public utilities and others. The *Oblast* and *Raion* budgets are ratified by a decision of the relevant *Maslikhat*. Eight tax revenues and 11 different non-tax revenues constitute the profits of the *Oblast* budgets. Some of these revenues are: individual income tax (in accordance with the statutory income distribution established by an *Oblast Maslikhat*); social tax (in accordance with the statutory income distribution established by an *Oblast Maslikhat*); fees for emissions into the environment; fees for placement of outdoor (visual) advertising on stationary objects on public roads of *Oblast* significance; fee for use of water resources; fees for use of forestry; and fees for use of specially protected natural territories of local significance. The profits of the *Raion* budgets are formed by 18 tax revenues and ten different non-tax revenues. Some of these revenues are: individual income tax (in accordance with the statutory income distribution established by an *Oblast Maslikhat*); social tax (in accordance with the statutory income distribution established by an *Oblast Maslikhat*); property tax; land tax; single land tax; tax on vehicles; fixed tax; excise duties on all kinds of alcohol and tobacco produced in

the territory of Kazakhstan; fees for use of land; fees for state registration of individual entrepreneurs and others.

All budgets mentioned above in Kazakhstan are formed and executed separately. The inter-budget relations between republican and *Oblast* budgets are regulated by transfers and budgetary credits; between *Oblast* and *Raion* (city of *Oblast* significance) budgets by transfers, budgetary credits and norms of the income distribution. The transfers are divided into two types: transfers of a general character and targeted transfers. The transfers of general character include budget subsidies and budget withdrawals. Budget subsidies are transfers from higher budgets to lower budgets, which are set when the forecasted income of the lower budget exceeds costs. Budget withdrawals are transfers from lower to higher budgets, which are set if the projected expenditures of the lower budgets exceed its income. The volume of transfers of a general character changes every three years. The aim of these transfers is the levelling of the budgets of regions and providing equal fiscal capacities for services guaranteed by the state. These transfers are set for three years and separated by a year. Targeted transfers are separated into targeted current transfers and targeted transfers on development. The targeted current transfers are transfers provided during a three-year period of the transfers of a general character. They are provided from a higher budget to a lower budget in order to compensate for losses of the lower budget due to the adoption of legislative acts, entailing an increase in costs and/or a reduction of local incomes. They are also provided from a lower budget to a higher budget in order to compensate for losses of the higher budget due to the adoption of legislative acts, entailing increased costs in the higher budget due to the transfer of government functions from a lower level to a higher level of public administration. By targeted transfers on development, we understand transfers provided by a higher budget to a lower budget in order to implement local investment programs, limited to the amounts approved in the Republican budget or in *Oblast* budgets. In order to determine the amounts of target transfers on development, local executive authorities must submit applications to the relevant higher government body (ministry or agency) with a list of local budgetary investment projects and the amount of expenditure on them. The targeted transfers provided by the Republican budget to *Oblast* budgets can be redistributed to *Raion* budgets (city of *Oblast* significance) by signing the relevant agreement with the latter. Budget credits from the Republican budget and *Oblast* budgets may be provided to *Oblast* budgets and *Raion* budgets (cities of *Oblast* significance) for the implementation of budget investment projects, for social policy tasks of the state and whenever a cash deficit is forecast for the fiscal year. In order to

give a better understanding of this budget process diagram 1 (page 69) depicts it more simplistically.

Diagram 1



A significant part of the centralisation discourse in Kazakhstan derives from the established budget system. The budget system is organised in such a way that in many cases local development is subject to financial help from republican authorities. For instance, it is seen that in Kazakhstan the law stipulates the independent formation of local budgets. Moreover, local budgets have legislatively assigned tax and non-tax revenues that form their profits. However, at the same time the formation of local budgets is highly influenced by the system of transfers, the provision of which is determined by the central authorities. In other words, in order to fully implement local needs, local government is bound to ask help from the central government. This mechanism is further synchronised between tiers of local government, *Oblast* and *Raion* authorities. While *Oblasts* are dependent on the financial allocation of the central government, *Oblasts*, in turn, determine financial capacities of *Raions*. Thus, the system of vertical hierarchical subordination in institutions is similarly applied in fiscal relations between government levels. That is to say, the discourse of centralisation is set both

in the institutional and fiscal frameworks of the state.

International experts also highlight these features of the budget system in Kazakhstan. For instance, Makhmutova (2006) points out that the over centralised budget system in Kazakhstan is ineffective, making local development subject to financial support from the centre. The World Bank (2006) finds that this centralisation of budget system in Kazakhstan has been inherited from the Soviet Union where regional financial disparities were balanced by the central government's reallocation mechanism. In summary, while Kazakhstan is administratively divided in terms of the budget, as seen in the political structure of the government, these divisions in the end rely on the office of the President or the centre which make local self-government ineffective and redundant.

Since the foundation of the Republic of Kazakhstan, the authorities of the country have opted for the political discourse of modernisation according to the standards of the developed world. This required a drastic transformation of the institutions and economy which had been previously based on the Soviet directive principles of governance. The republic has succeeded in introducing new institutional contours with the division between power branches ensuring a system of checks and balances.

However, gradually the republic has taken the shape of a supra presidential form supposing the overwhelming role of the executive over other branches of power. At the same time, this has been synchronised at the local level, where *Akims* as agents of the President, enjoy the most authority. Thus, eventually, the country's public governance has become centralised.

The weak foundation of the other branches of power has diminished checks and balances in the system. They have been substituted by the scrutiny process provided through a rigid system of vertical hierarchical subordination within the executive branch. A strong central leadership accompanied by the predominance of the executive has been justified by the authorities as a solution to succeed with cardinal reforms in the economy. It is important to note that Kazakhstani authorities were willing to improve the productivity of the government machinery and ensure its effective response to economic and socio-political challenges. For these reasons, the structure of the central government and its bodies has continuously been transformed according to the recommendations of international institutions. On the other hand, the construction of local government in Kazakhstan has undergone little practical transformation. In this regard, the authorities argued that it is easier to succeed with political

reforms in a country that already has a stable and developed economy.

All of this has led to the absence of functional checks and balances not only at the central level but also at the local level. In a large country with a small population and undeveloped infrastructure, the only practically functioning overseeing mechanism was the vertical hierarchy of executive power. It is difficult to argue whether in these circumstances vertical supervision is the most productive. However, it could be assumed that in this system it is challenging, on the one hand, to provide effective overseeing over *Akims*, and on the other to fulfil citizens' aspirations of development according to local needs. There were some attempts to decentralise government and democratise local governance by improving the role of the local representative institution *Maslikhat*. For example, the *Maslikhats* have become responsible for approving the appointment of *Oblast* and *Raion Akims* and electing rural *Akims*. However, in practice, these measures have not led to significant improvement in ensuring local checks and balances. The *Maslikhats* are membered by the supporters of the *Akims* who have little desire to oppose them, whereas elected rural *Akims* could still be dismissed by *Raion Akims*. These limitations of the reforms aimed at empowering *Maslikhats* were also highlighted by international experts (Makhmutova, 2006), (BTI, 2014).

Although Kazakhstan adapted institutional structures based on the democratic principles with checks and balances, in practice it mimics the Soviet past where the division between power branches was only on paper. A similar centralisation scenario is in fiscal relations between government levels. The budget system is based around a financial redistribution mechanism of the central government, which allows local government little possibility to perform independent economic and financial policies. Moreover, this kind of budget system as the World Bank (2006) notes has also been inherited from the Soviet period. Thus, this is a clear illustration of the historical narrative of development, particularly of the Soviet period, which is present in practices of public governance in modern Kazakhstan.

As mentioned above for Kazakhstan now it is of fundamental importance to improve its government mechanism, which includes local government, according to best international practices and local specificities of development. This requires analysing the capacity of the system to undergo further changes and find feasible foreign alternatives. To get better insight into the required transformation, there is a need to accompany the analysis of the institutional framework with practical views of the individuals who are involved in local governance in Kazakhstan. For these reasons, I interviewed the practitioners of local government in

Kazakhstan to measure how they realise the institutional challenges to local government development discussed in this chapter, and necessary improvements to ensure adequate local governance. Essentially the institutional construction was a benchmark for the discussion with local practitioners, which will be presented in chapter 6. To measure whether the centralisation of public governance in Kazakhstan was practically justified, the discussion began with the issues on decentralisation policies and reforms in Kazakhstan, whereas institutional limitations of local government led toward signalling positive and negative features of the current model. The conversation further followed to evaluating the improvements in scrutiny procedures through the existing vertical mechanism or introducing different ones. For these reasons, it was also essential to examine how local practitioners anticipate enhancing the role of *Maslikhats*, which empirical literature depicts as political victims of centralisation. Finally, the discussion turned to the process mentioned above of fiscal centralisation in Kazakhstan with a focus on transformational prospects in the budget system.

Moreover, for the analysis of the international experience in central-local government relations, it was important to consider both countries that have development backgrounds comparable to Kazakhstan, and states renowned for their developed political and social institutions. For these reasons, this research focuses on the one hand on governance practices in Russia and Armenia, which bear similar development challenges of the post-Soviet area. On the other hand, it looks at the United Kingdom and Greece, which are member-states of the European Union, which is widely accepted as a community of developed democracies. The critical point here is that these countries are different from each other in historical development and contemporary socio-economic composition. Therefore, the next chapter considers the evolution of public governance and institutional frameworks in the selected case studies of the EAEU and the EU.

Chapter 6. Institutional frameworks and models of government in the member states of the European Union and the Eurasian Economic Union

The development of local governance is on the agenda of many countries today. With the issue of enhancing state service delivery the discussion inevitably leads back to governmental bodies executing these services. In many cases, they are local government which in turn brings up the question of centralised or decentralised power. Due to institutional and social frameworks, the process of reshaping power distribution has been done differently in different countries. While some countries are tightening central control in order to bring the country together, others have passed more power on to local administrators to deliver public services more efficiently. These choices are generally determined by institutional demands as well as to meet economic and financial needs. The geographical factors, environmental conditions, and the population size also have an enormous influence on how the central-local government relations are understood. Here the study of local government development encompasses different trajectories and dimensions of decentralisation. A considerable amount of analysis has been made on the comparison of different states regarding their degree of financial, institutional, and administrative decentralisation. The similarities and differences of and between the developing and developed states in this regard were mentioned by many experts interviewed for this research.

As stated above, various approaches have been used to define the complex process of decentralisation. However, not many have tried to evaluate decentralisation taking into account both internal aspects, the social and other relations within the country, and external features such as the geopolitical situation and international economic relations.

For these reasons, it is essential to analyse the local government structures as a part of integration processes. The EU serves as an example of this kind of integration process, and the EAEU, which covers a significant territory of the world and which is also increasingly moving toward closer integration is yet another example of the same. Additionally, the EU introduced itself as the holder of advanced social, institutional, and economic values, which is vital to this study as a benchmark of development, whereas the EAEU is a community of post-Soviet countries with developing economies, who are still in the process of discovering their potential and looking for their own paths of development. This study covers both developed and developing countries and shows how they have similar needs and challenges when it comes to power relations, especially decentralisation.

For the EU, I selected the case of England and Greece, while Russia, Kazakhstan, and Armenia as part of the EAEU represent developing nations.

National legislation is the most crucial aspect to understand the way power is exercised and is fortified by the constitution or as in the case of the United Kingdom, a set of written laws on the functioning of different state institutions. In this chapter, I will outline the power flow according to legislative norms since they are an essential benchmark of power distribution. The next section considers the historical evolution of governance in Russia, and its concurrent institutional construction in the Russian Federation. Russia is a federal state where regions have substantial autonomy with law-making powers, and therefore local government structures in this country vary. The Russian Federation has a long history and its institutional legacy through the ages is an essential starting point. In particular, the case of Moscow, which is a city of federal significance and the capital of Russia has been chosen to showcase power flow and central-local government relations. Moreover, Russia is a member state of the EAEU and a post-Soviet country like Kazakhstan. Therefore, the analysis of its institutional construction is necessary in order to draw parallels with the case of Kazakhstan.

In order to describe the evolution of governance in the selected case studies in historical retrospectives, I have studied different literature on the history of these states, the full titles of which can be found bibliography attached. Moreover, similar to what I did in analysing the institutional structure in Kazakhstan in the previous chapter, I have provided an evaluation of legislative documents from the selected states, the primary examples of which are their constitutions. In the case of Russia, I analysed the constitution of the Russian Federation of 1993. This helped to depict the federal structure of Russian state and the main points of the interrelation between government levels. For fiscal arrangements between government levels, I examined the “Budget Code of the Russian Federation” and the “Tax Code of the Russian Federation”. Since Russia is a federal country, which allows its regions to have their own legislation, it was important to review regional legislative documents. For this reason, I chose the case of Moscow. The Charter of the city of Moscow, the Law of the city of Moscow “On the organisation of local self-government in the city of Moscow”, and the Decree of the government of Moscow “On the powers of territorial bodies of the executive authorities of the City of Moscow” were of great importance, on the one hand, in depicting the powers of the authorities of Moscow and the power flow between branches of power at the level of the city

of Moscow. On the other hand, it helped to rationalise the relations of the authorities of the city of Moscow with lower levels of local government such as prefectures and *Upravas* and institutions of local self-government. Whereas the Law of the city of Moscow “On the budget and the budgetary process in the city of Moscow” and the Law of the city of Moscow “On the budget of the city of Moscow for 2017 and the planning period of 2018 and 2019” clarified the fiscal powers of the government of Moscow, formation of local budgets and redistribution of tax income between governmental bodies and local self-government of Moscow.

In the case of Armenia, I evaluated the constitution of the Republic of Armenia. It was beneficial to indicate the construction of government and interactions between branches of power, and central-local government relations. Moreover, the recent constitutional amendments of 2015 were of significant importance to depict the transition of Armenia from the presidential state to parliamentary democracy. While the Law of Armenia “On local self-government” provided insight into functions of municipal authorities in Armenia, the Law of Armenia “On local self-government in the city of Yerevan” assisted to examining the special status of Yerevan and its authorities including the recent reforms on the democratisation of governance in this city. The web document of the government of Armenia called “Regions” helped understand the powers and formation of provincial government in Armenia. It is important to note that most of the legislative documents of Armenia are written in Armenian, and only a few of them were translated into English or Russian. This significantly reduced the analysis scope of legislative norms concerning the government functioning. A similar challenge was experienced during studying the legislation of Greece, the majority of which in Greek with no English or Russian interpretations. Therefore, the only legislation analysed was the constitution of Greece as revised by the parliamentary resolution in 2001. The important source for studying the local government structure in Greece and its functions, and the formation of local government budgets was “Structure and Operation of Local and Regional Democracy” published by the Council of Europe. Moreover, for the analysis of recent and broad reforms of local government in Greece, I studied the following academic articles and books: “Successive local government institutional reforms in Greece: From regionalization to regionalism?”; “Impacts of local government reforms in Greece: An interim assessment”; “The “Kallikratis Program”: The Influence of International and European Policies on the Reforms of Greek Local Government”; “Successive local government institutional reforms in Greece: From regionalization to regionalism?.”; and “Local government in Europe: The ‘Fourth Level’ in the EU multi-layered system of governance”.

In the case of the UK, the absence of a written constitution required examining different documents published by the government institutions of the UK and academic publications. The important sources to investigate the structure of the government in the UK, the power flow between power branches, and functions of the central government on supervising local government was “The Cabinet Manual: A Guide to the Laws, conventions and rules on the operation of government” and “Ministerial Code” published by the Cabinet Office of the UK, “The governance of Britain: Review of the executive royal prerogative powers: final report” of Ministry of Justice of the UK, and “The Royal Prerogative” of the House of Commons of the UK. While the following sources were increasingly helpful in depicting the structure of local government in England, its powers and functional limitations: “Local Government Structure Overview” and “Combined authorities: A plain English guide” published by Local Government Association of England and Wales; “Local government in England: Structures” published by the House of Commons of the UK; and “Local government structure and elections” published by the Department for Communities and Local Government of the UK. Furthermore, it was essential to assess the impact of the recent reforms on restructuring local government in England including the foundation of combined authorities of regional scope. The following sources were of critical importance for this analysis: “The new council constitutions: the outcomes and impact of the Local Government Act 2000” of the Department for Communities and Local Government of the UK; “Report of the ELG Survey Findings for ODPM Advisory Group” provided by the Office of the Deputy Prime Minister of the UK; “Devolution to local government in England” published by the House of Commons of the UK. Finally, the following academic publications were essential to draw a holistic picture of local government development in England: “The Changing Politics of Local Government”; “The super-centralisation of the English state – Why we need to move beyond the devolution deception”; “United Kingdom: the royal prerogative”; “Centralisation and decentralisation: a framework for comparative analysis”; “A Case for Reinterpreted Dichotomy of Politics and Administration as a Professional Standard in Council-Manager Government; and “Centralisation, Devolution and the Future of Local Government in England”.

6.1 The case of Russia

In the 6th-9th century Russians were a tribal community divided into different principalities led by the *Knyaz* (prince) (Ignatov, 2002). The infighting between *Knyazes* led to the creation of a large administrative and political entity which was called *Rus*’. One of these principalities was

called *Kievan Rus'* headed by the Great *Knyaz* which came to represent the centre. In the 11th century, *Kievan Rus'* conquered the rebelling smaller principalities and established a dynastic system of governance. The Great *Knyaz* exercised military, administrative, legislative and judiciary powers. The significance of *Kievan Rus'* began to decrease in the 12th century with smaller principalities becoming more autonomous. At the beginning of the 13th century, with the invasion of the Mongols, the influence of Kiev over Russian lands came to an end (Ignatov, 2002). The struggle with external enemies such as the Mongol Empire, Lithuania, Poland and others accelerated the process of unification of the disparate Russian principalities (Orlov, Georgiyev, Georgiyeva, & Sivokhina, 1997). In the 16th century, Ivan III unified *Rus'*, and he was declared as the great *Knyaz* of all *Rus'* with the centre in Moscow, and his cousins became regional *Knyaz* governing *Udels*, smaller principalities (Ignatov, 2002).

At this point, a political institution, the *Boyar Duma* became prominent. The *Boyar Duma* was a council under the authority of the Great *Knyaz* which provided administrative assistance. The *Boyar Duma* was composed of *Boyars* – representatives of the nobility and regional *Knyazes*.

In 1547, Ivan IV became the first Tsar (Ignatov, 2002). In the view of the ordinary people of Russia, the Tsar had a divine right to rule (Bogatyrev, 2006). This was a period of centralisation of state power (Ignatov, 2002). The government was divided into *Prikaz*, *Uezd*, *Volost*, *Guberniya*, and *Provintsiya*. The institution of *Prikaz* included central public administration units which changed the way of governance. Power was now executed not according to the territorial principle but according to departments, meaning that each *Prikaz* had tasks in one particular area of governance. Local government units were managed by town governors with a range of responsibilities including tax collection (Davies, 2006). Administratively the country was divided into 250 *Uezds*, which further separated into *Stans* and *Volosts* (Orlov et al., 1997). In the 18th century, the local administrative structure changed into *Guberniyas* with further subdivisions into *Provintsiyas* and *Uezds*. *Guberniyas* were managed by governors appointed by the Sovereign (Orlov et al., 1997). *Provintsiyas* and *Uezds* were governed by *Zemstvos* which were created in the 19th century.

Colleges established under Peter the Great became a prototype of the ministerial organisation of governance enacted by Alexander I in the 19th century. The ministerial model continued until 1917 when the Tsars were removed from Russia. The central political paradigm of the Tsarist rule was to reform governance structures along Western lines but with no disruption to

the autocratic rule of the Tsars (Shakibi, 2006). There were subsequent attempts to create institutions such as the Senate and the Council of Ministers that would provide overall supervision and management of the governance mechanism. However, these institutional reforms were never fully implemented in practice since the Tsars had a fear of losing their all-encompassing power. In general, through the Tsarist period of Russian history the trend in governance continued towards further centralisation (Orlov et al., 1997).

In 1917, as a result of the October Revolution, the power in Russia was seized by the Bolsheviks (Orlov et al., 1997). The Bolsheviks then adopted the system of Soviets. The Soviet of People's Commissars exercised power at the top, whereas local issues were managed by local *Soviets*. During the period from 1917 to 1922, there was a process of further establishment of Bolsheviks' power throughout the territories of the former Russian Empire, which culminated in the creation of the Union of Soviet Socialist Republics in 1922. The political and governance system in the Soviet Union was based on one political party rule, where the prevailing party was the Bolshevik party, which later became the Communist Party. In 1991, the Soviet Union collapsed, and Russia became a new state called the Russian Federation (Ignatov, 2002).

According to the constitution of the Russian Federation which was adopted through a national vote in 1993, Russia is a federal state with a republican system of government (The Administration of the President of the Russian Federation, 2009). Russia is composed of republics, *Krays*, *Oblasts*, cities of federal significance, autonomous *Oblasts*, and autonomous *Okrugs*, which are all equivalent subjects of the Russian Federation. The subjects of the Russian Federation have their own legislations and charters. However, the legislation of the subjects of the Russian Federation cannot contradict federal laws passed on issues which are within the scope of the jurisdiction of the federal authorities. The President can annul laws contradicting the federal legislation passed by the subject of the Russian Federation. The state authority in the subjects of the Russian Federation is implemented by governmental bodies created by them. Local self-government is independent, and its governing bodies are not part of the system of state authority. Local self-government bodies are independent in managing their properties, executing local budgets, and establishing local taxes and charges. The structure of local self-government bodies is decided independently by the citizenry.

The head of the state is the President elected for a six-year term by the people. On the consent of the State Duma, the President appoints the Prime Minister. Further to this, the President, at

the proposal of the Prime Minister, appoints deputies of the Prime Minister and federal ministers. The President has the power to dissolve the State Duma. The President appoints the judges of the federal courts as well as the Supreme Court and the Constitutional Court. The President can be dismissed only by the Council of the Federation on the conditions of committing state treason or other heavy crimes levelled by the Stated Duma and having an affirmative conclusion of the Supreme Court and Constitutional Court of the Russian Federation.

The Federal Assembly is the Parliament of the Russian Federation, and is comprised of two chambers, the Council of Federation and the State Duma. To exercise parliamentary control over the execution of the state budget the chambers of the Federal Assembly form the Accounts Chamber of the Russian Federation. The executive and legislative authorities of each subject of the Russian Federation appoint two members of the Council of Federation, whereas the President appoints one out of ten members of the Council of Federation called representatives of the Russian Federation. The Council of Federation, at the proposal of the President, appoints the Attorney General, the judges of the Supreme Court and the Constitutional Court of the Russian Federation.

The State Duma is elected for a five-year term by the people. On the proposition of the President, the State Duma appoints the Chairman of the National Bank of the Russian Federation. The State Duma considers annual reports of the government on its work and has the power to initiate a motion of no confidence against the government. The right of legislative initiative belongs to the President, members of the chambers of the Federal Assembly, the government, the Constitutional Court, the Supreme Court, and the legislatures of subjects of the Russian Federation. The legislative bills are first considered in the State Duma, and then in the Council of Federation. The rejection of the Council of Federation to pass a bill can be overcome by a two-third-majority vote of the State Duma.

Since Russia's regions have their own legislation and charters, the regional governance structures in Russia are different. Therefore, an outline of power flow in the capital city of Moscow is considered here to furnish an understanding of governance and power in Russia. According to the Charter of the city of Moscow, the city of Moscow is a subject of the Russian Federation – a city of federal significance (The Moscow City Duma, 1995). The legislative body of Moscow is the Moscow city Duma comprised of 45 members elected for a five-year term by the people. The Moscow City Duma has law-making powers and oversees

the execution of the budget of Moscow. It passes legislation bills that become laws after signing by the mayor of Moscow. The mayor of Moscow has the right to veto bills passed by the Moscow City Duma. The mayor's veto can be overcome by a two-third-majority vote of members of the Moscow City Duma. The Moscow City Duma forms the Chamber of Control and Accounts of Moscow, and at the proposal of the mayor of Moscow, appoints judges of the Statutory Court of Moscow. It considers annual reports of the mayor of Moscow on his/her work and has the power to pass a motion of no confidence against the mayor. The Moscow City Duma can be dissolved by the mayor of Moscow if it passes laws contradictory to the federal legislation, and by the President of the Russian Federation according to the norms of federal legislation.

The mayor of Moscow is the highest official of Moscow, elected for a five-year term by the people. The mayor of Moscow heads and forms the government of Moscow, and determines the structure of executive authorities of Moscow. The mayor of Moscow can be recalled by the voters territorially registered in the city of Moscow. The city of Moscow is administratively divided into *Okrugs*, which are in turn subdivided into *Raions* and settlements. The governing bodies of *Okrugs* and *Raions* are prefectures and *Upravas* respectively. Prefectures coordinate and control the work of *Upravas*, which are under their territorial jurisdiction (The government of Moscow, 2010). Prefectures within its competence execute powers in the fields of economy, finance, industry, science, support of small and medium-sized enterprises, town planning, construction, reconstruction, property and land relations, housing, communal services, environmental protection, transport, communications and social policy. The head of a prefecture is a prefect appointed by the mayor of Moscow. Prefects have the rank of ministers in the government of Moscow. *Upravas* within their competence have powers in town planning, construction, reconstruction, property and land relations, housing, environmental protection, transport, and communications. *Upravas* are governed by a head appointed by the mayor of Moscow at the proposal of relevant prefects.

Local self-government in Moscow is executed along the boundaries of inner-city municipalities (The Moscow City Duma, 1995). At the level of the city of Moscow elected local self-government does not exist. The authorities of the city of Moscow determine the scope of functions of the local self-government, their territorial boundaries, and financial provisions (The Moscow City Duma, 2002). The local self-government units in Moscow are comprised of representative, and executive bodies called a municipal council and municipality respectively. The members of municipal councils do not have legislative powers but have the

right to initiate laws in the Moscow City Duma.

According to the Tax Code of the Russian Federation, taxes and fees in Russia are divided into federal, regional, and local taxes (Federal Tax Service of Russia, 2015). Federal taxes and fees are the value-added tax; excise duties; tax on the income of physical persons; tax on the profit of organisations; tax on the extraction of commercial minerals; levies for the use of fauna and the use of aquatic biological resource; and state duty. Regional taxes are the tax on the assets of organisations; gaming tax; and transport tax. Local taxes and fees include land tax; tax on the property of physical persons; and trade fee. Together with the norms of the Tax Code of the Russian Federation, regional taxes are set by regional legislatures, whereas local taxes and fees are set by the representative body of local municipalities. However, in the cities of federal significance such as Moscow, local taxes are regulated by the Tax Code of the Russian Federation and tax laws of Moscow.

Tax revenue from federal taxes and fees and other non-tax revenue form the income of the federal budget of the Russian Federation. The budgets of the subjects of the Russian Federation are formed by tax revenue from regional taxes, their non-tax revenue, and the following federal taxes and fees: tax on the profit of organisations at the rate established for the budgets of subjects of the Russian Federation; 85 per cent of tax on income of physical persons; 65 per cent of tax on the extraction of commercial minerals; levies for the use of fauna; 80 per cent of levies for the use of aquatic biological resource; and other different fees.

As mentioned above, the subjects of the Russian Federation have different government structures with various administrative divisions. Therefore, the formation of local budgets in Russia is very complex. The Budget Code of the Russian Federation, which redistributes a portion of regional and federal taxes to local budgets, according to the type of local authority, is as follows: city settlements, rural settlements, municipal *Raions*, urban *Okrugs*, urban *Okrugs* with intra-urban division, and intra-urban *Raions* in urban *Okrugs* with intra-urban division (Rossiyskaya Gazeta, 1998). Besides, all the listed local authorities receive the full amount from local taxes such as land tax and tax on the property of physical persons. However, deduction rates from federal taxes, such as the tax on the income of physical persons and single agricultural tax are set differently. In the cities of federal significance such as Moscow, Saint Petersburg, and Sevastopol, tax deductions to local budgets are regulated by the cities themselves. The budget of the city of Moscow for 2017 sets different deduction norms from tax on incomes of physical persons for municipalities and urban *Okrugs*, and

from excise duties on automobile petrol for urban *Okrugs* and settlements (The Moscow City Duma, 2016).

Moreover, municipalities receive grants, subventions, and subsidies from the budget of the city of Moscow (The Moscow City Duma, 2008). Subventions are provided in cases of the adoption of federal laws and laws of the city of Moscow stipulating the transfer of state powers to local self-government bodies. Subventions cannot be used for the provision of other expenditures of municipalities.

The next section describes the evolution of governance and concurrent construction of government institutions in another member state of the EAEU, Armenia. In Armenia, local government structures are different in the regions and the capital city of Yerevan. Yerevan being the biggest city of Armenia, where almost half of the population live has experienced various transformations to its local government structures. Therefore, this research outlines both the general construction of local government in Armenia and the city of Yerevan.

6.2 The case of Armenia

Armenian statehood has long-lasting roots with the first Armenian state Aratta dating back to 2800 BCE (Simonyan, 2014). Aratta, which later on was depicted as the Ararat kingdom, functioned until the 6th century BCE. As a result of a military struggle with different external enemies Armenian statehood experienced the creation of different sovereignties such as the kingdom of Ervanduni (VI-III cc. BCE), Artashes kingdom (II c. BCE – I c. CE), and the kingdom of Arshakuni (I-V cc.).

From the 5th century onwards Armenia was invaded continuously, which were under the rule of different empires that created divisions in the country. At various historical periods and sometimes repeatedly, different parts of Armenia were governed or influenced by Byzantium, the Persian Empire, Roman Empire, Arab Emirs, Seljuk Empire, Turks, and the Russian Empire. This made the territory of Armenia divided between Western and Eastern Armenia. At the crossroads of Empires, Armenia was constantly under threat from the Persian Empire and Byzantium, and in its modern history, Armenia remains at the centre of military conflicts between Turkey and Russian. There were continuous attempts to unify the country with various liberation movements which signify the aspirations of the Armenian people towards independence and unification and which can be traced throughout their history. The division of the country also produced a large diaspora of Armenian people outside the country, who

have also played an essential role in building anti-imperial doctrines.

The 1917 October Revolution in Russia, which resulted in the break-up of the Russian Empire, created a vacuum of power in the Caucasus regions. This was deliberately used by national liberation movements, and in 1918 the first Armenian Republic was founded. Although the independent Armenian Republic lasted only two years, it managed to establish political and government institutions.

At the central level, there was the Parliament and the government of Armenia, and local authorities were comprised of district and county assemblies (Payaslian, 2008). Significantly, the historical division of Armenia had implications in the political environment of that time. Political camps were divided between pro-Russian and Western tendencies with linguistic differences being part of that segregation. In December of 1920, the Armenian Republic collapsed giving power to revolutionary committees of Armenia. This developed into present-day Armenia in 1922, which became part of the Soviet Union. Armenia was part of the Soviet Union for almost seventy years. In 1991, the Soviet state dissolved and a referendum decided that Armenia would be an independent state.

According to the constitution, the Republic of Armenia is a sovereign, democratic, and social state (The National Assembly of the Republic of Armenia, 2015). The administrative-territorial units of the Republic are *Marzer* (provinces) and municipalities. The head of the state is the President elected for a five-year term by the people. The President appoints the Prime Minister on the basis of the distribution of seats in the National Assembly, and members of the government at the proposal of the Prime Minister. Moreover, the President appoints four members of the Constitutional Court, two members of the Council of Justice, the chairmen and judges of the Court of Cassation, the chairmen of the Court of Appeal, the courts of the first instance and the specialised courts. The President is Supreme Commander-in-Chief of the armed forces and has the power to coordinate the work of government bodies in the areas of defence and appoint top military officials. The President also forms and presides over the National Security Council. The President can be dismissed by the National Assembly on the basis of the conclusion of the Constitutional Court of committing state treason or other heavy crimes.

The National Assembly executes the legislative power in Armenia. It is comprised of 131 members elected for a five-year term by the people. The newly formed government of

Armenia presents its program to the National Assembly.

If the National Assembly does not approve the program of the government twice, the President dissolves the National Assembly. The National Assembly has the power to pass a vote of no confidence in the government. The National Assembly sets the state budget and exercises scrutiny over the execution of the state budget. On the proposition of the President, the National Assembly appoints the chairman of the National bank and the chairman of the Control Chamber of Armenia for a six-year term. The National Assembly elects half of the members of the independent regulatory body of the broadcasting media, whereas the President appoints the rest of the members. The right of legislative initiative belongs to the members of the National Assembly and the government of Armenia. The president signs the legislative bills passed by the National Assembly. The president can propose amendments to draft bills and ask for their reconsideration by the National Assembly. The National Assembly can overcome the President's amendments by a majority vote of its members.

The government is responsible for implementing domestic policy in Armenia, and foreign policy together with the President. The Prime Minister heads the government and coordinates the work of the government ministers. Provinces (*Marzer*) are governed by governors (*Marzpets*) appointed by the decree of the government. The President validates these government decrees. Governors coordinate the work of territorial executive bodies and implement the regional policy of the government in the following areas: finance; urban planning; housing; transport; road construction; agriculture; land use; education; healthcare; social welfare; culture; sport; environmental protection; and trade (The government of the Republic of Armenia, 2018).

There is also an advisory body under the governors called the Provincial Council (The National Assembly of the Republic of Armenia, 2002). The Provincial Council is comprised of the governor and heads of municipalities. The Governor convenes and chairs meetings of the Provincial Council.

The local self-government is implemented through municipalities (The National Assembly of the Republic of Armenia, 2015). The municipalities form their budgets independently and can set local taxes and duties. The governing bodies of the municipality are the municipal council and head of the municipality, which are both elected for a four-year term by the people.

According to the law of the Republic of Armenia on local self-government, the municipal council is a representative body of the municipality (The National Assembly of the Republic of Armenia, 2002). The municipal council manages municipal property, sets the municipal budget and oversees its execution. To perform its powers, the municipal council can form temporary and permanent commissions. Municipal budgets are formed by revenue from land tax; property tax; deductions from income tax and profit tax; duties; state budget grants of financial equalisation; and state budget subventions to finance capital expenditures. The head of the municipality (in the urban municipality it is the city mayor, in the district municipality of Yerevan it is the district mayor, in the rural municipality it is the village headman) is an executive body of the municipality. The head of the municipality arranges and chairs meetings of the municipal council. The head of the municipality implements local policies in areas of town planning and land use; defence; municipal utilities and improvement; transport; trade and services; education and culture; labour and social care; public health and sports; agriculture; and environmental protection. In the cases where laws are broken, the head of the municipality can be dismissed by the government of Armenia at the proposal of a relevant governor (mayor of Yerevan) or of a municipal council.

The constitution of Armenia stipulates special status to the capital city of Yerevan as a municipal entity. (The National Assembly of the Republic of Armenia, 2015).

The law of the Republic of Armenia on local self-government in Yerevan states that local self-government offices and bodies in Yerevan are the mayor of Yerevan and the municipal council of Yerevan (The National Assembly of the Republic of Armenia, 2008). The municipal council of Yerevan is comprised of 65 members elected for a four-year term by the people. The municipal council sets the budget of Yerevan and oversees its execution. In order to implement its functions, the municipal council founds no more than four standing commissions of the council. Seats in these commissions are allocated to the council's political factions in proportion to the number of their members.

Moreover, the municipal council elects the mayor of Yerevan and can pass a vote of no confidence against the mayor. The mayor of Yerevan performs executive powers in the city of Yerevan. The candidate of the political party which wins more than half of the seats in the elections in the municipal council becomes the mayor of Yerevan. The city of Yerevan is divided into 12 administrative districts led by their heads. The mayor of Yerevan appoints and coordinates the work of the heads of administrative districts.

The next section considers the institutional shape of power in a member state of the European Union, the United Kingdom. Local government structures are different in Scotland, Northern Ireland, and England. This research mainly focuses on models of local government in England. The case of England is significant in the attempt to depict how far the institutional shape of long-lasting democracy differs with post-Soviet states.

6.3 The Case of England

England has a long history of being ruled by kings. Over time it has developed into a constitutional monarchy. The great charters that gradually limited the absolute power of the kings are known as the Magna Carta of 1215 and the Bill of Rights of 1689. The Magna Carta of 1215 was the first legislation in English history acknowledging certain rights of the people and recognising the need to consult with the people over taxation.¹⁰² The Bill of Rights of 1689 can be accepted as a charter that legislatively established powers of the Parliament over such issues as taxation and passing legislation, and formally promulgated freedom of speech and elections.¹⁰³ In 1707, the United Kingdom of Great Britain was formally established comprising England, Wales and Scotland (Speck, 1993). Speck (1993) argues that the United Kingdom had differing institutional characteristics to the rest of Europe, especially in its county structure.

In the 18th century, there were fifty-two counties in England and Wales. It is important to note that territorial borders of some counties in England were similar to those of ancient kingdoms. Every county was comprised of a sheriff, a commission of the peace, and military regiments managed by a lord lieutenant. It is argued that for upper-class Englishmen a county was not just an administrative component but was instead a construction bearing an essence of loyalty, which at some point even overrode their devotion to the national government (Speck, 1993). In more recent history, since the 1950s, England's local government has played an essential role in the overall development of the country (Leach, Stewart, & Jones, 2017). Local government units were responsible for local development policies and housing. They had powers to generate and determine their income; therefore they were less reliant on central government funding. This began to change in the 1980s when the local government lost its

¹⁰² Magna Carta: an introduction (see <https://www.bl.uk/magna-carta/articles/magna-carta-an-introduction>, accessed 10 August 2018)

¹⁰³ English Bill of Rights 1689 (see http://avalon.law.yale.edu/17th_century/england.asp, accessed 24 August 2018)

power to define its expenditure and policy prerogatives independently. The core powers in social services, education, and housing were also transferred from local bodies to different central government bodies or outsourced to the private sector.

Today, the United Kingdom is a constitutional monarchy, meaning that the Parliament limits the power of the Sovereign. The Sovereign appoints the Prime Minister, who enjoys majority backing in the lower chamber of the Parliament, the House of Commons (Bartlett & Everett, 2017). The Sovereign inherited the remaining powers which are called 'the Royal Prerogative'. However, these powers have been limited over time by the Parliament, and nowadays generally apply as consultative to the government. Besides this, the Sovereign is the head of the Church of England (Cabinet Office, 2011). Overall, it can be stated that the political role of the Sovereign is ceremonial, and mostly confined to represent the country internationally and on specific state occasions domestically.

The significant political institution of the United Kingdom is the Parliament. The Parliament is elected every five years (Cabinet Office, 2011). The Parliament is composed of two chambers, the members of the House of Commons elected directly by the people and the House of Lords comprised of Lords. The Sovereign selects most of the Lords for a lifetime on the recommendation of the Prime Minister. Being elected by the people, the House of Commons has superiority over the House of Lords. The Parliament oversees public spending and taxation, practices legislative activity, and examines actions of the government. Each chamber of the Parliament has select committees responsible for the scrutiny of the government.

Every government bill goes through the consideration of both Houses of the Parliament (Cabinet Office, 2011). The House of Lords can reject legislation passed by the House of Commons. However, if the House of Commons pass the same bill without amendments again during the same session, the bill gets Royal assent without the approval of the House of Lords. The House of Commons also has the prerogative on passing legislation regarding taxes and public expenditure, and these types of bills cannot be amended or rejected by the House of Lords. The House of Commons has the power to pass a vote of no confidence against the government meaning that if the government fails to win this vote, it must resign. The Parliament dissolves if a two-thirds majority of the members of the House of Commons votes for an early election and in the situation when no government is formed in fourteen days after passing the motion of no confidence.

The Prime Minister with majority support in the House of Commons forms the government of the United Kingdom (Cabinet Office, 2016). There is the Cabinet system of government in the United Kingdom, which prescribes collective decision-making. The Cabinet makes decisions binding to all members of the government. The Cabinet is comprised of the Prime Minister (Chair) and other most high-ranking ministers. Members of the Cabinet are exclusively accountable to the Parliament. The Prime Minister is responsible for the work of the Cabinet, the government and the Civil Service (Cabinet Office, 2011). The government is comprised of senior ministers; junior ministers; the Law Officers; and whips. There is a general agreement that only members of the Parliament are appointed as ministers of the government (Cabinet Office, 2016). Ministers leading the ministerial departments are called Secretaries of State, whereas other junior ministers are subordinate to them (Cabinet Office, 2011). Whips of the government play the role of mediator between the government and the members of the Parliament, and in addition to this, they manage their party's discipline in the House of Commons. The judicial officers are the Attorney General, the Solicitor General and the Advocate General of Scotland. Their role is to advise the government on legal issues. The judiciary has the power of scrutiny over the government. The High Court of England and Wales can annul the ministers' decisions found not meeting legal norms.

Regarding local government, there are two types of authorities in the United Kingdom: devolved legislatures and administrations in Wales, Scotland, and Northern Ireland, and local government in England (Cabinet Office, 2011). These devolved legislatures and administrations can pass legislation and execute their functions within the scope of their territorial jurisdiction only. The devolved authorities are in charge of services and policies in the following sectors: health and social care; education and training; local government; housing; transport; agriculture, forestry and fisheries; the environment and planning; tourism, sport and heritage; economic development; and policing and justice (except Wales). The cooperation between the government and devolved authorities take place through the British-Irish Council and the Joint Ministerial Committee. There are also Secretaries of State for Scotland, Wales, and Northern Ireland who are on the one hand in charge of securing interests of the devolved authorities in the government, and on the other deliver the government's agenda to the devolved authorities. The financial allocations to the devolved authorities derive from government grants. Also, the Parliament of Scotland has the power to change the ratio of income tax "by three pence in the pound" (Cabinet Office, 2011, p. 64). The government grants are used on the complete discretion of the devolved authorities. The Supreme Court for

the United Kingdom is the legal body that can consider the cases of abuse of power by the devolved legislatures and administrations.

There are 353 local authorities in England (DLCG, 2016). In the case of England, local government is structured into one-tier and two-tier systems. In the case of the two-tier system, governmental structures are divided into county and district councils. The county council is the larger administrative unit and is responsible for education, social services and waste disposal. The district council is a more localised unit and is responsible for rubbish collection, housing and planning applications. There are 27 county and 201 district councils. On the proposition of local councils, the two-tier local governments can be amalgamated into one unitary authority (Sandford, 2016). The one-level system means that one sole authority provides all services (Cabinet Office, 2011). There are 125 one-tier local governments including 55 unitary authorities, 36 metropolitan authorities, 32 London boroughs, the city of London, and Isles of Scilly (DCLG, 2016). Unitary authorities are mainly organised in large towns and cities. 36 metropolitan districts have a territorial coverage over six significant urban areas. Some of them jointly provide additional services such as fire and civil defence, policing, and passenger transport.

The City of London Corporation and the Greater London Authority also have an extensive range of responsibilities. The Greater London Authority is in charge of policing, fire, transport and strategic planning for London. The City of London Corporation has powers in environmental health, economic development, highways management, policing. At the very bottom level, there are also parish and community councils (Cabinet Office, 2011). In the past, parish councils used to belong to the Church of England. The Parish Councils Act of 1894 established parish councils as elective local bodies. Nowadays, there are around 9,000 parish councils in England (Sandford, 2016).

Local government units in England are elected by the people and therefore are not answerable to the Parliament (Cabinet Office, 2011). However, the ministers can supervise local authorities. The construction and operation of local government in England conform to norms of the European Charter of Local Self-Government of 1985. The central government provides financial funds for local government. The government also selects local governments' spending priorities and criteria for development. Local government expenditure is mainly comprised of capital spending, income expenditure on council housing and revenue spending. Local authorities are permitted to contract loans on financing capital spending, but not to

cover revenue spending. Local authorities also generate their incomes from fees and charges, and Council Tax, which is a levy on the local estate. In addition to this, local governments accumulate half of the income coming from Business Rates, and the other half goes to the central government (Sandford, 2016).

Concerning the organisational structure of the local councils in England, they take various forms. Traditionally it was a committee system which in general prescribed the involvement of all councillors in the decision-making process (Gyford, Leach, & Game, 1989). Some decisions were made by managing committees and subcommittees, which then had to be agreed on in a meeting of all members of the council. Therefore, as Gyford et al. (1989) argue, the chairs of committees became too powerful. Further to this, in the committee system, a political party receiving the majority votes had the power to form the managing committees (Stoker, Gains, Greasley, John, & Rao, 2007). This also made the decision-making process closely linked to the political parties' agendas. In the end, the positive aspects of the committee system such as inclusiveness in decision-making were undermined by the influence of political parties over the formal mechanisms of the committee system.

The Local Government Act of 2000 initiated a significant transformation of management structures of local authorities. The idea of this act was to change the shape of power in local councils, by bringing precise decision-making based on strong leadership, and non-executive councillors relieved from committee administrative responsibilities to become more involved with their constituencies and at the same time to oversee the decisions of the executives. Another essential characteristic of that act was that it enabled additional checks and balances through requiring all local authorities to establish scrutiny committees that are responsible for overseeing the decision-making process. The Local Government Act of 2000 made local areas with a population of more than 85 thousand people compulsorily change their organisational structure from the long-standing committee system to a cabinet system with a leader, directly elected mayor with a cabinet, or directly elected mayor with a council manager. Areas with a population of fewer than 85 thousand people were also allowed to maintain the adjusted committee system. The adjusted committee system made it possible to form no more than five policy committees with the political parties representation in them to be matched with one in full council.

The system with a mayor and a cabinet is based around the personality of the mayor, who chairs the cabinet and selects its members from among the councillors. It is formed according

to the representation of political parties in the relevant council. The mayor can make executive decisions, or delegate them to a cabinet or individual members of the cabinet. Furthermore, the mayor has essential powers in defining the budget and strategy. On the other hand, a system with a mayor and council managers prescribes strategic and overall policy shaping that is obligatory for the mayor, whereas the council manager is responsible for everyday routine actions. A cabinet system with a leader implies that the council elects a leader every year, while the leader or the council can select members of the cabinet. A significant aspect of the leader-cabinet system is that the leader has the choice to decide who will be in charge of decision-making.

The leaders can make decisions themselves, make the decision-making process a joint act of the cabinet, or delegate it to individual portfolio holders in the cabinet. There are also critical legislative norms on the functioning of the leader-cabinet system, which state that representatives of political parties in the cabinet do not have to be equivalent to the one in the full council. A majority of the local councils (319) adopted the leader-cabinet system, 11 units moved to the mayor-cabinet system, one local area chose the mayor-council manager system, whereas 59 decided to preserve the modified committee system (Stoker, John, Gains, Rao, & Harding, 2002).

Following the devolution of powers in Scotland, Wales and Northern Ireland, the United Kingdom government announced plans in 2014 to devolve additional powers to some areas of England as well (Sandford, 2017). It was proposed that combined authorities would be created which are defined by Sanford (2017) as “a statutory form of collective decision-making between at least two councils in order to improve the delivery of public services and other public functions across the area concerned” (p.4). The combined authorities are chaired by directly elected mayors, whereas deputy mayors are selected by member councils (LGA, 2016). The mayors have veto powers over decisions, but decisions on expenditure can be overcome by a two-thirds majority of the combined authority members (Sandford, 2017). The devolution arrangements of establishing combined authorities require the agreement of local councils. The devolution deals were agreed in 7 areas. They were to get a necessary amount of financial support from the central government. The devolved funding per year for combined authorities was as follows: 30 million pounds for each combined authority of Greater Manchester, Sheffield, Liverpool, and West of England; 36.5 million pounds for West Midlands; 20 million pounds for Cambridge and Peterborough; and 15 million pounds for Tees Valley. The extent of devolved powers varies between areas. Virtually all combined

authorities received powers on business support services, skills funding, transport budgets and buses, and land management. Some combined authorities were also given powers in health services and policing. However, Hambleton (2017) argues that these devolution deals with creating combined authorities conversely lead to centralisation of governance. It is stated that the devolution deals were arranged concerning conditions imposed by the central government. It is not local authorities but government ministers who selected the territorial areas for devolution, the scope of devolved functions, and the amount of money allocated. Another argument of Hambleton (2017) is that the amount of funding devolved was smaller than selected regions received in previous years.

The next section looks at the evolution of governance and relations between political institutions in another member-state of the EU, Greece. The case of Greece is significant to illustrate how far its institutional composition correlates to the one in the United Kingdom, and whether it significantly contrasts to cases of the EAEU members, Russia and Armenia.

6.4 The case of Greece

Greece is a parliamentary democracy, which has a long history of development. Greece is the cradle of democracy where practices of democratic governance can be traced back to ancient times. Greece was ruled by the Ottoman Empire from the mid-15th century to 1822 when the first independent Greek government was established (Clogg, 2013). From 1832 to 1974 Greece was formally a monarchy. There is also an opinion that ancient rulers of Greece bore typical characteristics similar to that of monarchs (Morris, 2003). While formally a monarchy, Greece's statehood experienced a military dictatorship from 1967 to 1974 (Danopoulos, 1983). The military dictatorship fell in 1974 giving way to establishing a new democratic government (Lyrintzis, 1984).

In 1974 there was a national referendum, which approved the current constitution of Greece of 1975 and abolished the monarchy (Tridimas, 2010). The constitution was revised three times in 1986, 2001 and 2008 respectively.¹⁰⁴ The amendments of 1986 reduced powers of the institution of the President. The revision of 2001 enhanced rights of citizens, functions of the Parliament, the judiciary and local self-government. The last amendments of 2008 were less

¹⁰⁴ The constitution of Greece (see <http://www.hellenicparliament.gr/UserFiles/f3c70a23-7696-49db-9148-f24dce6a27c8/001-156%20aggliko.pdf>, accessed 23 July 2018)

extensive and mostly gave power to the Parliament to check the implementation of the state budget.

According to the constitution, Greece is a parliamentary republic (Hellenic Parliament, 2004). The Parliament elects the President of the republic for a five-year term. The government of Greece is composed of the Prime Minister and ministers. The government outlines and implements the general policy of the state. The Prime Minister is responsible for the overall functioning of the government and civil service. The President appoints the Prime Minister, who is the leader of the party having the absolute majority in the Parliament, and further, the President appoints ministers at the proposal of the Prime Minister. The President has obligations on declaring war, making peace, and indicating the republic internationally. The acts of the President are only valid if the relevant minister of the government countersigns them. The President signs the legislative bills passed by the Parliament and has the power to send them back to the Parliament for amendments. However, if the Parliament votes again to pass the bill, the President is obliged to approve the bill.

Although the President has some powers such as giving pardon, reducing prison sentences and issue legislative acts in some circumstances, these powers are limited by the need to consult and get the approval of the Parliament and government. Therefore, it can be stated that the President plays a nominal role in power distribution, being mostly a ceremonial representative of the state. The very virtue of the President being elected by the Parliament suggests his political legitimacy is based on the Parliament's approval.

The Parliament of Greece is directly elected by the people for a four-year term. Its number of members cannot be less than two hundred or more than three hundred people. The Parliament passes laws and executes parliamentary control over the government. The members of the Parliament can initiate a vote of no confidence against the government and members of the government. The vote is enacted if supported by the absolute majority of the Parliament. Only the Parliament and the government can execute the legislative initiative in Greece.

However, bills concerning yielding pensions can only be proposed by the Ministry of Finance of the Republic. Legislation regarding local and special taxes also has to be endorsed by the Ministry of Finance and the Ministry of Coordination. Taxes cannot be imposed without a decree of the Parliament stipulating their norms.

The judicial power is exercised by courts comprised of regular judges. The scrutiny of regular

judges is the obligation of higher-ranking judges. The judicial officials are appointed for life by the decree of the President. However, they are obliged to retire on reaching the age of sixty-five. The Judiciary has some overseeing functions over executive power. The Supreme Administrative Court can annul the decision of administrative authorities in the case of the violation of the law and abuse of power. The Court of Auditors has the power to review state and local government expenditures.

Significantly, Article 101 of the constitution prescribes that the “The administration of the State shall be organized according to the principle of decentralization.” (Hellenic Parliament, 2004, p. 111).

Furthermore, the constitution states that “The administrative division of the Country shall be based on geo-economic, social and transportation conditions.” (Hellenic Parliament, 2004, pp. 111-112). Therefore, the delimitation of power between the central and local governments is approved by the constitution itself. The constitution states that the first level of local government is composed of municipalities and communities. The administrative independence of local government bodies and relevant financial support for implementing services is secured by section 2 and 4 of article 102 of the constitution respectively. Section 3 of Article 101 of the constitution states that “Regional administrations of the State shall have general decisive authority on matters of their district. The central administrations of the State, in addition to special powers, shall have the general guidance, coordination and review of the legality of the acts of regional administrations, as specified by law.” (Hellenic Parliament, 2004, p. 112) This article states that the central government should harmonise and guide regional authorities, however, at the same time vests ‘special powers’ in the central government. Besides this, the constitution states that the state should oversee local governments without violating their initiative and independence.

The crucial reforms on local government in Greece are called the ‘Kapodistrias Plan’ of 1997 and ‘Kallikratis reform’ of 2010 (Hlepas & Getimis, 2011). In 1997, according to the Kapodistrias reform, 441 municipalities and 5382 communities were amalgamated into 900 municipalities and 133 communities respectively (Panara & Varney, 2013). It is noted that although a Kapodistrias program reduced the number of local governments it did not influence change in their structure (Akrivopoulou, Dimitropoulos & Koutnatzis, 2012).

In 2009, Greece faced a financial crisis and received financial loans from the International Monetary Fund and the EU. The conditional basis of this financial assistance was to reduce

public spending and the implementation of institutional reforms targeted at better governance together with effective decentralised local government. Therefore, it is argued that the implementation of Kallikratis reform was driven by the International Monetary Fund and the EU.

The Kallikratis reform of 2010 reduced the number of municipalities and communities further from 1,034 to 325 (Ioannidis, 2016). The former 52 prefectures were combined into 13 regions. This is argued to be the most critical aspect of the Kallikratis reform since it founded regions as a second layer of local government.

Presently, prefectures are subdivisions of the regions. Significantly, now the heads of regions are elected by the people, whereas previously prefects were appointed by the central government (Panara & Varney, 2013). In addition to this, seven units of decentralised governments were created, the heads of which were appointed by the government. The people directly elect regional and municipal authorities including municipal and regional councils, heads of regions and mayors for a five-year term (Council of Europe, 2013). An 'electoral formation' that wins the votes gets 60 per cent of the seats in the relevant regional or municipal council. Both levels of local government, regional and municipal are independent of each other.

Municipalities are divided into municipal units and further into municipal communities and local communities (Council of Europe, 2013). Municipal units are comprised of mayors and municipal councils. While municipal communities are composed of municipal councils and presidents. The president of the municipal community is responsible for coordinating with municipal authorities. Local communities of less than 300 people have a local community representative, whereas the local communities having a larger population than 300 people are represented by the local community council composed of three members containing the president. The primary function of both the municipal communities and local communities authorities is to provide communal development at a municipal level. Municipal authorities are mainly in charge of providing and governing services in the following areas: environment; quality of life and proper functioning of cities and settlements; employment, social protection and solidarity; education, culture and sports; civil protection; rural development; livestock; and fisheries. 'Insular' and 'Mountain' municipalities due to their specific geographical conditions have some additional powers, which in other cases belong to regional authorities.

Regions consist of regional units that used to be prefectures before the Kallikratis reform

(Council of Europe, 2013). Regional authorities implement policies regarding regional development taking into account national and EU standards. The regional level is composed of the head of the region and the regional council. The head of the region has deputies. Some deputy heads of the region are appointed, and others are elected together with the head of the region. The elected deputy heads are responsible for governing regional units. Regional authorities are in charge of providing and regulating services in the following areas: agriculture; livestock; fishery; natural resources, energy-industry; employment, trade, tourism; transports, communications; works, spatial planning, environment; health; education, culture, sports; civil protection; and logistics.

The funding for the municipality operations comes from the income generated by the municipalities themselves and financial allocation from the central government (Council of Europe, 2013). Incomes of municipalities are comprised of ‘compensatory fees’ mostly for providing services in water supply, cleaning and lighting. In addition to this, municipalities generate income from real estate fee, a discretionary tax on electrified sites, fees for publicity, and residence fees at hotels. While the central government’s financial allocation is accumulated by redistribution of 20 per cent of the income tax, 12 per cent of the VAT, and 50 per cent of property tax to municipalities. The income for operations of regional authorities derives from the central governments’ redistribution of 2.4 per cent of income tax and 4 per cent of the VAT. The process of the central government’s financial allocation involves the decision of the Ministry of Interior, Ministry of Finance and the recommendations of the Union of Regions taking into account the specific characteristics of each region.

Besides the vital resource of income, the revenue generated from utilising regional and municipal movable and immovable property is essential for both regions and municipalities. Regions and municipalities are also allowed to get loans from the central government, and monetary institutions of Greece and of foreign origin. The supervision of the expenses of municipalities and regions is the prerogative of the Court of Auditors.

There are also seven so-called ‘Decentralised Administration Authorities’ headed by the secretary general appointed by the central government (Council of Europe, 2013). The secretary-general oversees the performance of police, port and fire governmental bodies, which are within the scope of his/her authority. The Decentralised Administration Authorities are responsible for: urban planning; environmental policy; forest policy; migration policy; citizenship and energy policy. The Decentralised Administration Authorities execute legality

and disciplinary supervision over the performance of municipalities and regions, and their elected officials respectively. This supervision is conducted through the Council of Legality Auditors presided by the Minister of Interior.

The analysis of the evolution of governance and institutional frameworks in Russia, Armenia, England, and Greece illustrate that each of the studied cases has specific characteristics of development. The case of Russia indicates that governance development in the country has tended toward centralisation throughout its history. Beginning its existence from separate principalities, Russia gradually developed into a single country, which on the one hand tried to improve local government institutions, and on the other to solidify the power of the centre. Similarly, modern Russia is a federal state, which provides broad autonomy to its regions while still maintaining the power of the centre. For instance, Russian regions have law-making powers and substantial local taxes. Nevertheless, these regional powers are counterbalanced by the institution of the President, which has an overwhelming political role in the government. While the case of Armenia illustrates that historically different Empires regularly invaded it, which has resulted in a strong sense of independence among the Armenian people. Today, the Republic of Armenia is an independent state that has recently undergone constitutional reform transforming the country from presidential to parliamentary democracy. In local government development, Armenia has made deliberate attempts toward decentralisation and democratisation. While the central government still appoints regional authorities, Armenia allows popular elections at the municipal level including the recent reform to elect the mayor of Yerevan by the relevant municipal council. England, in turn, is highly influenced by historical trajectories of local development, where nowadays structures of local councils reflect this historical narrative. England's local government features many small units, which may exercise various operational models. The recent reforms of local government in England were mainly aimed at unifying the operational basis of local councils. Moreover, there is ongoing reform to establish unitary authorities of regional scope that would simplify the processes of regional development and central-local government relations. Greece is also another example of broad reforms in local government with a significant reduction of local units and the transformation of institutions of its regions. The critical point is that the constitution of Greece itself ensures the decentralised nature of its public governance.

Furthermore, although the studied countries vary in their constitutional formation, unitary and federal, all of them allow some degree of autonomy to their regions and localities. That might

indicate that the formal construction of the state is not a crucial factor in shaping decentralisation policies which impact local development and national priorities. Beside this, there is no great inconsistency in institutional construction between the selected member-countries of the EU (the United Kingdom and Greece) and post-Soviet countries (Russia and Armenia). All four countries have legislative frameworks providing sufficient checks and balances and democratic representation both at central and local levels. However, there is a possibility that the established framework of public governance is executed differently in practice. It was imperative to study the institutional construction and its historical development in the selected countries in order to understand how the legislative framework allows for the process of power redistribution between government institutions. It also provides a more in-depth narrative of public governance development in these countries, which can then be benchmarked with the views of practitioners who have been interviewed for this study. Therefore, the next chapter considers the development of public governance through the paradigm of central-local government relations in Russia, Armenia, the United Kingdom, and Greece, as the local practitioners in these countries understand it.

Chapter 7. Practical aspects of local governance development in case studies of Russia, Armenia, England, and Greece

The fundamental paradigms of local governance development require considering international examples and comparing models. For Kazakhstan, a relatively young state, the international development narrative has been one of practical necessity. Kazakhstan has been trying to build its own unique structures of government, often becoming interlocked between paradigms of its historical development and newly embraced Western-type institutional models. Together with this, Kazakhstan's membership of the EAEU dictates applying development features closely applicable to the Union's member states, by and large, the Russian Federation. However, the reality of integration in the Eurasian space with all its implications for governance has not diminished the Kazakhstani aspiration to also try out models that are used in Western democracies. This division between two apparently different institutional and development narratives – one of the Post-Soviet space and, two of the democratic West, might have at best an ambivalent effect and at worst an adverse effect on deciding overall local government development in Kazakhstan. The analysis of Western experiences alone can undermine essential specifics of domestic development in the Eurasian space, whereas only focusing on post-Soviet countries could lead to undermining the use of developed world practices in the field of development and public governance. It is essential to provide a careful analysis of international experiences that would include both the historical and modern aspects of local government development in neighbouring countries and accepted global best practices. Therefore, this research has analysed both the Western experience in selected countries (the United Kingdom and Greece) and the development models in the area of the EAEU (Russia and Armenia).

Keeping these aspects in mind, the scope of this investigation was limited to four cases: Russia, Armenia, Greece and the United Kingdom, to provide a comparative framework in order to study the case of Kazakhstan. It is important to note that together with overall local government issues in the selected countries the research focused particularly on Moscow, Yerevan, Crete and Cambridge. This helped to understand the overall paradigm of central-local government relations in the selected countries together with specific issues related to the development of particular regions and localities. Among the four countries chosen to construct the comparative framework, the Russian experience is essential since the development reforms in this country have had a significant influence on Kazakhstani practices. Also, Russia being the most significant member of the EAEU can be referred to as

the driver for closer integration in this space. Additionally the territorial and multi-ethnic composition of Russia is significantly similar to Kazakhstan. Within Russia, Moscow is the capital city that has historically followed a different development model and has had institutional impetus separate from the rest of Russia and thus informs the larger debate on regional diversity in governance.

Within the EAEU, Armenia, which is also a member, on the contrary, is a small country with a homogenous population. This factor makes it essential especially when compared to Kazakhstan which has a vast territory but a small multi-ethnic population since it can help to distinguish whether population size and territorial aspects can influence decentralisation policies. Beside this, Armenia faces similar challenges to Kazakhstan; for example, how to build a viable governance framework encompassing its colonial past, Soviet past, Western developed models, and the practical reality of being a member of the EAEU. Yerevan is the capital city, where almost half of the country's population lives and its institutional structures are different to other Armenian regions.

In the second category, regarding best practice in governance, England is an example of a developed democracy whose experiences can be a benchmark for the development of governance models in Kazakhstan. Furthermore, England exemplifies a territorially small country with a large population. Within England, the city of Cambridge has significant importance internationally. Finally, Greece is made up of geographically and economically diverse regions and it is part of the EU which is considered as the oldest democracy globally. Additionally, the country has recently gone through broad decentralisation reforms, and full implementation of these reforms is still in the process which makes it comparable with Kazakhstan which is also in the process of going through reforms. The region of Crete in turn through its history has been geographically and culturally disparate but has succeeded to stay a part of Greece without losing its cultural integrity.

It is important to note that besides these factors, decentralisation reforms in England and Greece have been influenced by different circumstances and forms the basis of being able to compare with similar conditions in Kazakhstan. England being an influential member of the international community itself has exercised devolution in the first instance according to its domestic priorities and internal political situation. While in Greece which experienced the financial crisis of 2008 and subsequent need of financial loans led to the implementation of

the structural reform of the government, Kallikratis, which was a requirement of international institutions' bailout programs. In other words, England and Greece are two contrasting cases where decentralisation was initiated by domestic needs in the first instance and international pressure in the latter. Kazakhstan's recent experiences are a combination of both internal and external demands. As a post-Soviet and a developing country, Kazakhstan has immense internal pressure along with international demands to democratise, devolve power and decentralise. Thus, the selected countries provide a cross section of aspects which are essential to being understood which can help Kazakhstan decide how to proceed with decentralisation reforms.

The fieldwork was conducted through interviews which spanned a number of aspects of local government and decentralisation. In all four countries, I asked respondents five general questions about local government development and decentralisation reforms (appendix 3). Most of the respondents were former or acting public officials. The details of their career and relevant expertise can be found in chapter 4.

The questions covered aspects of decentralisation including actual reforms, their applicability, success and failures, and recommendations to make them more effective with regards to specific local conditions. The rest of the chapter is divided along these five questions within which answers from officials from each country are noted and discussed in order to give a comprehensive understanding and explanation of governance and decentralisation in all four case studies.

7.1 The impact of government models on central-local government relations

The first question asked of all respondents was: What is your view on decentralisation in general and decentralisation reforms in your country in particular? In Russia, the respondents talked about the history and sovereignty of the country in order to explain the importance of decentralisation. The territorial integrity of Russia after the collapse of the Soviet Union created exceptional conditions for the way the country developed in the 1990s. The period of the 1990s in Russia's regional development represented a dichotomy between the centre's political and economic aspirations pitted against the regional views of governance (R1). A rampant devolution of powers at the time of the institutional crisis due to the dissolution of the Soviet Union led to economic, legislative and political segregation in the regions. This centre-region clash culminated in separatist tendencies of regions with dissimilar federal and regional legislations; a refusal of regions to contribute to the federal budget; a declaration of

creation of new quasi-state-formations, such as the Ural or Siberian republics; the regional grab of federal property such as in Tatarstan; and a declaration of independence by Chechnya.

The period of extensive decentralisation began to change in the 2000s with a move to bringing back federal control over local affairs (R1). The arrangements were made in the form of bringing systemisation of regional and federal legislation, and budgetary regulations. The Russian administrative-territorial structure experienced the introduction of federal *Okrugs*, and the mechanism of elected regional governors was transformed into becoming appointments by the President. Eventually, these policies created an overdependence of regions on the central government, subsequently resulting in the lack of development initiatives and exercising relevant responsibilities by regional authorities (R1). In today's Russia, central-local government relations are an important issue. However, taking into account that the country is facing economic sanctions from the West, the current political paradigm leans towards taking rapid decisions under the active supervision of the centre. This kind of centralisation of powers has a negative impact on local development and cannot be useful in the long-term according to the respondents.

To further consider the Russian case, economic policies of the state and the resources of the region under consideration also play an essential role in determining the extent of central control (R2). The situation after the collapse of the Soviet Union led to a period of deterioration which was followed by a revival of infrastructure projects. As a result, the presence of large infrastructure projects in a region binds a region to the centre and is contrary to decentralisation and makes local government less effective. Central support is needed when regions are economically deprived and have few to no natural resources and an undeveloped infrastructure such as in the case of the North Caucasus (R2). While decentralisation for regions, which are secluded economically such as Far Eastern Russia, could lead to their institutional and structural alienation. Finally, the level of regional autonomy is based on regional economic integration to the overall economy of the country, and this is essential for spatially big countries such as Russia, China and Kazakhstan (R2).

A further consideration is the formal and practical context of decentralisation. There are forms of decentralisation that are stipulated by legislative and regulative norms, and practical ones that are influenced by the situation on the ground. Regions in real terms can be very different from each other in their social and cultural composition, where sometimes even neighbouring regions are populated with people of completely different ethnic, linguistic and religious

origins. The ethnic composition of the population, especially a multi-ethnic populace, is eligible for special federal and legislative treatment from the centre in Russia which induces regional diversity in governance. Therefore, dissimilar levels of decentralisation frameworks for different regions are critical. In this case, the political structure of a state, whether unitary or federal is not crucial. It is concerned more with regional divergence in economic, cultural, and social development. Therefore, various degrees of decentralisation in Russian regions are necessary for a country as large and disparate as Russia (R2). Political relations in Russia are shaped around personalities, and this is not an exception in central-local government relations, which already implies a differing attitude to dealing with regions. The presence of large state corporations also influences local independence, if not politically then economically, binding regions to follow the interests of corporations, which in many cases represent the political and economic interests of the centre.

Officially, there is no contradiction between devolution and local governance in Russia. Historically, collective decision-making is part of the cultural mentality of the population who have a long habit of gathering together to make decisions (R3). Nowadays, the Russian federal administrative structure is divided into executive, legislative, and judicial powers. This system is relevantly replicated at the regional level. At the very bottom, there are municipal councils, which are institutionally separate. These municipal councils are inherited from Soviet times and are similar to local *Soviets* that existed in the Soviet Union. The system of government in the Soviet Union was based around the institutions of *Soviets* at all levels of government. *Soviets* had similar structures at the local, regional and central level. Significantly, people could directly recall any member of any *Soviet*. While in Russia today these institutions do exist, their existence is dictated by the need for a positive international image of a functioning local self-government institution rather than serving any real purpose (R3). However, all these aspects indicate that institutions already exist and power can be devolved easily. In other words, decentralisation is not new in Russia; however at the same time the actual implementation of devolution of power is limited and faces other political and strategic obstacles. This is important to understand for a country like Kazakhstan: having the administrative apparatus does not guarantee its practice. Reforms enacted in response to international pressure require an understanding of local conditions to actually work. This will be discussed again in the next chapter when Kazakhstan's governance model is considered.

For the case of Moscow, which is distinct from many other Russian regions, having both municipalities and *Raions*, the governance framework differs and is important to consider

(R3). In Moscow, local self-government represented by municipal councils elected by the people operates together with local governmental bodies such as *Upravas* whose heads are appointed by the city mayor. In fact, the head of an *Uprava* executes the real power in the *Raion*. *Upravas* generate income from the allocation of their own property. This is different to municipal councils who do not generate their own income, and their existence is determined by how much support the centre gives them. In other Russian regions, municipalities manage their property and thus generate their own incomes.

Moscow is divided into *Okrugs* headed by prefects and *Raions*. Legislative power, which is the Moscow City Duma, is only represented at the level of Moscow city (R3). Municipal councils are accepted to be a sort of legislator at the very low level. However, municipal councils are institutionally incomparable to the Moscow City Duma. Unlike the Moscow City Duma, municipal councils lack the power to adopt laws and do not have overseeing mechanisms over the executive branch of power. However, the Moscow City Duma itself has only forty-five members, and that does not seem to be enough to represent the views of 13 million citizens. This could be explained by the fact that in Russia, the executive branch of power over other branches is prevalent, whereas the political role of both the State Duma and regional legislators is not significant.

Moreover, the institution of political parties in Russia is also undeveloped, with only four parties represented in the State Duma (R3). Even their presence in the Parliament is arranged not by public will but rather by the arrangements of power-holding elites. The example of the insignificance of political parties is seen in the process of getting a nomination for standing for elections. Candidates to local or federal elected positions have to collect a similar number of signatures with no regard to being self-nominated or represented by a political party unless they are members of one of the four parties present in the Parliament.

Regarding discussing the recent reforms then, the Moscow city authorities implemented reforms decreasing the number of members of municipal councils, making it more difficult for candidates to collect signatures for nomination into municipal elections (R3). Another local reform was apparently to increase powers of municipal councils over *Upravas*. The heads of *Upravas* are now obliged to approve with relevant municipal councils a list of renovations of courtyards and entries to apartment blocks (R3). However, Komolov believed that this reform was done to bind members of municipal councils with the actions of *Upravas*. First, if a member of the municipal council wants to add the additional address to that list of

the renovation of courtyards, he or she would need to present a professional cost-estimate plan. Secondly, after all renovations have been finished, members of municipal council have to sign an act of performed jobs. In both cases, it is practically impossible to get it done effectively since members of municipal councils do not have specific training in construction, and lack financial resources and provision of personnel.

In summary, when considering Russia and the internal dynamics within, especially in Moscow it is apparent that while there is a historical understanding of public participation making local self-governance readily applicable, the situation on the ground is confused by budgetary and financial concerns which limit the impact of devolution reforms, past and present. The three essential aspects to be considered are the territorial expanse, sovereignty and budgetary concerns in relation to the institutional understanding of local self-governance.

A related case but with a significant difference is that of Armenia. Reforms after 1991 have transformed the institutional foundation of Armenia as a Presidential state to the Parliamentary Republic. Armenia being a former member of the Soviet Union is still in the transitional phase of rebuilding its institutional structure, mainly according to Western democratic models. It is important to note that development paradigms in modern independent Armenia have often been interlocked between two significant vectors, Russian and American. The fact that there are significant and influential Diasporas of Armenian people throughout the world, the main ones being in Russia and the USA (Baser & Swain, 2009), plays an essential part in this. Decentralisation reforms have been implemented in Armenia, but these reforms have a formal guise with localities having no understanding of taking decisions independently and work in complete compliance with the central authorities. Sargsyan reasons that this is due to a lack of historical experience in the population of political participation (A3). A2, in turn, considered that rearrangement of power in Armenia had been done due to political will to disperse political responsibility among branches of power. In other words, with a separation of powers, responsibility could be spread out, and A2 argued that eventually people might find themselves responsible as well, and that could improve the current situation in terms of increasing political participation and improving local governance.

According to Hakobyan, generally decentralisation is a positive policy, however, in Armenia, as in all other former Soviet Republics, reforms were often implemented not according to a clear understanding of their relevance but because of a wish to change something and as a

means to break from the past (A1). In practical terms, the central government continues to exercise considerable influence despite devolution of power. Armenia has the potential to be decentralised because of its small size. However, in this regard, it is essential to take into account the specific cultural and historical development of countries in order to see the effectiveness of these reforms (A4).

As mentioned in the previous chapter, local government in Armenia is organised in the following way: Regions are led by *Masberts* (Governors) appointed by the central government, and an elected local government comprised of heads of communities and cities. Yerevan is the capital city where almost half of the Armenian population live. The central government implemented reform with the council of Yerevan being directly elected by the people, which in turn elect the mayor. A similar electoral system was also introduced in the cities of Gyumri and Abovyan. A1 argued that this system is more democratic since it bears the values for the development of political parties and eliminates the chance for politically inexperienced outsiders becoming mayors. The negative side of the system is that the personal responsibility of a mayor is less significant than if mayors were directly elected. A4 also stated that the current administrative structure with elected local councils is favourable. However, in his opinion prefects should not be appointed but instead elected by the people.

In other words, in the cases of Russia and Armenia, while they both represent post-Soviet countries with varying degrees of historical political participation, the actual effectiveness of decentralisation reforms has been limited due to financial and budgetary concerns in the case of Russia, and a lack of expertise in the case of Armenia.

Moving on to the cases of the United Kingdom and Greece, in England, some of the interviewees believed that decentralisation is a positive policy which implies that decisions are made at the local level, and thus reflect the will of the people (E7, E4, E8, E9). There are examples of regional autonomy in Scotland (E8), Wales, and Northern Ireland (E1), however, in England itself local self-government has much less independence on shaping policies locally (E1). The political discourse for centralisation in governance begun in the 1960s with Prime Minister Margaret Thatcher's reforms which prescribed central control on many issues that used to be executed locally (E1, E2). In some cases even solving minor issues entailed approval from the central governmental (E1). An excellent example of over-centralisation was that installing a road sign in the city of Cambridge required the involvement of the Secretary of State for Transport. According to E1 and E2, before this, England was much more

decentralised than it is now. E1 believed that this was the reason for innovation and development in England which were largely driven by localities.

Today, there is a new devolution arrangement called 'city deal' for areas with economic advantages such as Cambridge and Manchester (E3). The central government proposed the foundation of combined authorities with an elected mayor in the area of Cambridgeshire and Peterborough. This new institution with an elected mayor is another level of authority added to the existing local councils, and is not supposed to overshadow their powers and obligations. The combined authority will receive more financial resources and more powers over transport, education, and infrastructure projects. Together with this, the combined authority will generate all income from Business Rates, which at present is shared between the central government and local government. This combined institution resembles the model of London's strong mayor's office. The experience of the mayor's institution in London was accepted to be very useful, which helped to provide solutions for many local problems especially in transport (E3).

Howarth, in turn, stated that the central government introduced the elected mayors since it is simpler to regulate one person rather than numerous councils (E2). In this regard, E6 added that at the beginning the central government's 'city deal' proposition in East Anglia was based around areas of Cambridge, Peterborough, Suffolk and Norfolk. However, it was rejected by local authorities on the basis that it covered too much territory.

This shows that even in well-developed countries like the United Kingdom the policy of devolution of power is a continuous process. It is dictated by the need to ensure the government's performance and responds to the changing needs and the country's overall development. E6 argued that although England is a small country, development is not applied in a homogenous manner. Cambridge is a small city but is internationally significant. Therefore, E6 stated that devolution should be based around smaller areas of localities rather than the proposition of the current central government that it is more regional in scope. E6 pointed out that the logical paradigm of 'city deal' would be to establish one combined authority without any county and city council. However, there was resentment by local authorities towards the creation of that kind of unitary authority due to fear of losing the institutional power of local councils. Therefore, decentralisation is an on-going process of negotiation and reflects the changing times and needs of the population.

Another example of a European country, Greece, which is in the EU, will help understand the

complexity of the reform process even in a Western context. Greece is in the process of transforming central-local government relations. Government development in Greece has experienced monarchy rule, military dictatorship and is now a functioning parliamentary democracy. In Greece decentralisation is a feature set by the constitution itself, which guarantees administrative divisions according to specific conditions of localities (Hellenic Parliament, 2004). Beside this, Greece has experienced further broad decentralisation reforms in its recent history. These reforms, named Kallikratis, were initiated due to international pressure as part of the EU and the IMF bailout programs (Akrivopoulou, Dimitropoulos & Koutnatzis, 2012).

According to Antonakaki, the decentralisation reforms in Greece have led to three significant arrangements (Antonakaki I). As mentioned in chapter 6 the Kapodistrias program of 1997 resulted in the amalgamation of 5,318 communities and 457 municipalities into 133 and 900 respectively. The Developmental Local Government Program 'Theseus' of 1997 aimed at increasing public-private partnership at the local level, involving local municipalities in international cooperation, and transparency in state administration. The Kallikratis program of 2010 prescribed further decrease of local units from 1,034 to 325 municipalities. The Kallikratis program changed the institutional construction at the regional level as well. 13 state regions were transformed into 7 Decentralised Administrations, whereas regional administrations elected by the people replaced 76 Public Corporate Bodies. Beside this, prefectures were annulled with their powers being transferred to regional administrations.

G4 believed that decentralisation is aimed at policy and its delivery. However, in Greece, decentralisation reforms have a mismatch between policy and actual implementation. Current reforms prescribed fiscal independence of local government but in fact, there was a decrease in financial allocations and increase in bureaucratic procedures. This affects service delivery of local government. In this regard, G1 similarly noted that the central government devolved responsibilities with no fiscal arrangements. In Greece, regional finances are accumulated by the support of European Structural Fund, various projects of the EU, and the central government's program of public investments. Today, the central financial support, which is the main contributor to regional income, has shrunk significantly. In the period of 2011 to 2015, central financial allocations to Crete reduced by more than 95 per cent.

G1 stated that historically Greece has had little experience of decentralisation of power and therefore nowadays the central government fears devolution. This reflects in the ways

decentralisation reforms are not implemented as stipulated by legislative arrangements. According to Kallikratis reforms, powers on health care should be devolved to regions. However, instead, they were devolved to Decentralised Administrations, which are part of the central government. While the financial provision of health care still lies with regional authorities. This kind of decentralisation process is rather a de-concentration of powers but not real devolution.

Decentralisation is not a temporary policy requiring durational actions. It is a complex process of long-lasting relations in the government between different levels adjusted for efficient execution of governance. The specific conditions of a country's development have a direct effect on the execution of decentralisation procedures. For instance, in Russia, the territorial aspect plays an important role influencing central-local government relations both in social and economic spheres. While in Armenia, on the contrary, its small territory helps to mobilise government resource much faster and therefore decentralisation in this country is instead considered as a policy to enhance management in the government sector and not an essential component to balance regional needs like in Russia. In the United Kingdom with strong and developed political institutions, decentralisation has become a complex process of compromises and consensus building between central and local government. The process of finding the balance between national and local needs of development in the United Kingdom is a practical necessity where local government having public support of local citizenry has made the decentralisation mechanism a constant practice of negotiations on power redistribution. In Greece, the right to decentralisation is legislatively prescribed by the constitution itself and accompanied by broad reforms of local autonomy in the recent past. However, the case of Greece is even more complex where in the process of power devolution the external actors of the supranational level such as the EU have made significant contributions on power redistribution and the shape it has acquired. All this shows that decentralisation policies are driven by domestic specifics where unique factors of development make this process differently applicable.

All four countries have implemented decentralisation policies, although in varying degrees, due to different requirements and institutional development. Besides this, the geographical and socio-economic specificities accompanied by the historical experience of government have had enormous influence on local government development in these countries. For instance, Russia being a federal country allows extending powers to its regions. However, this legislatively arranged structure is implemented differently in practice. Several essential

factors reflect this dichotomy in institutional structure and its implementation. These are Russia's colossal territory where the regions are distant from the centre; the composition of regions along ethnic lines; and different levels of economic development of regions accompanied by dispersed natural resources. All this implies that the federal authorities in Russia naturally need to handle both decentralisation and centralisation policies ensuring stable development and maintaining the integrity of the country.

Furthermore, the historical evolution of government also has enormous influence on the current paradigm of governance in Russia. The experiences of the 1990s, where after the collapse of the Soviet Union, Russian statehood faced critical challenges to its integrity caused by over-autonomy of its regions, leading to separatist tendencies and even to civil war in Chechnya, have also impacted central-local government relationships. Thus, policies toward centralisation with the active role of the federal government were entirely justified in the beginning. However, the path to centralisation has had a side effect on long-term institutional development. Building a robust vertical system of power ensuring compliance of regions to the federal centre was based around the executive branch of power, eventually diminishing democratic principles of power redistribution between branches of power both at the top and local level. Therefore, in Russia centralisation is attached intimately to the overwhelming role of the executives having both adverse effects on the overall democratisation of government and local government development. At the central level, neither the Parliament nor political parties contribute significantly to government performance, whereas at the local level governors overshadow both the regional legislator and local self-government bodies. A significant example of this is the recent reforms on apparently empowering local self-government in Moscow. Although municipal councils received some powers to approve decisions of the *Upravas*, there were also regulatory loopholes making it practically impossible to execute these overseeing powers. It is important to note that the construction of local self-government in Russia also has been enormously influenced by the historical narrative with municipal councils being an institutional heritage of local *Soviets* in the Soviet Union and consequently the need for a complete break from the past. Beside this, there is another critical factor causing even further centralisation in Russia today which has not been seen in other countries considered in this study. This is the geopolitical pressure related to Western economic sanctions imposed on the Russian state, which plays a crucial role in how Russia reacts to calls for devolution and what it considers threatening to its sovereignty.

Armenia, in contrast to Russia, has a small territory and population. On the one hand, decentralisation was considered irrelevant for Armenia; on the other it was believed that decentralisation could be achieved much faster in comparison with large countries. Nevertheless, the recent path to decentralisation has been accompanied with democratisation reforms overall for building a Parliamentary democracy in Armenia. Taking into account that it is just the beginning of the decentralisation process, it is not unexpected that the central government continues to have an enormous presence in governance at all levels. The historical narrative of government development is also an important factor that reflects local specifics in enacting reforms. In addition, the reforms were implemented more to make a break from the past rather than in response to specific conditions which needed addressing. Therefore, this led to poor results reflecting OECD's (2004) argument that proper planning is an important prerequisite to achieving decentralisation. Overall, there are similar challenges in Russia and Armenia where both countries experience the need for democratisation and development of government accompanied by the enormous influence of their Soviet past. Kazakhstan has similar problems and challenges with regard to its Soviet legacy. Besides, both the territorial expanse of Kazakhstan and limited political participation influence any reform process initiated to change governance.

In countries of the EU such as the United Kingdom and Greece, it was seen that historical aspects of the evolution of government likewise influenced central-local government relations. In England, centralisation dates back to the 1960s when central authorities of that time made decisions resulting in weakening powers of local government. According to Rhodes (1981), the weakening of local government was done by introducing private and quasi-non-governmental organisation in service delivery. Therefore, in many ways local governance was made more complex. While in Greece, the lack of decentralisation traditions causes a cautious approach to power distribution. England and Greece also bear similarities in current devolution arrangements. For instance, the process of devolution in England is accepted as delegation or de-concentration of powers since powers are executed according to the central government's standards and require financial support from the centre. While in Greece, there are gaps in administrative responsibilities which make it difficult for devolution to be implemented. For example, central government bodies hold power on health care, which is supposed to be devolved to regional authorities but this devolution of powers is not accompanied by financial provisions which would allow regional authorities to be able to afford to undertake these responsibilities. Empirical literature considers this as an impediment

to effective decentralisation stressing that applicable finances should follow devolution of functions (Charbit, 2006), (Ahmad et al., 2005), (Bahl & Martinez-Vazquez, 2013).

Nevertheless, considering England is a well-established democracy, whereas Russia is a post-Soviet country that is still in the transitional period of finding its institutional structure, there are some similarities between these countries. The United Kingdom is made up of different entities such as Wales, Northern Ireland, Scotland and England with different levels of autonomy granted to each region, much like Russia which has a vast territory and different regions with different administrative structures. The critical point is that Russia and the United Kingdom have different types of government, federal and unitary respectively, but both allow varying degrees of decentralisation within their states. This correlates with R2's argument that the formal type of government does not necessarily imply the level of decentralisation/centralisation in practice. Besides this, even within England itself, localities have different levels of economic development that require the central government to execute essential functions of income redistribution to ensure the gradual development of its regions, which is also true for Russia.

Furthermore, both in England and Russia policies of decentralisation are implemented in different ways; in other words the level of autonomy could differ among regions. For instance, in Moscow, local municipal councils operate together with local governmental bodies such as *Upravas* making it different to the rest of the country, whereas the recent devolution process in England called 'city deal' was based around economically developed regions such as Cambridge only. In Russia, the constitutionally arranged broad regional autonomy with rights to make regional laws is counterbalanced by the President through an informal vertical system of supervision within the executive branch. Similarly, in England, the central government has built vertical subordination through the establishment of regional unitary authorities. The development of local government in England, which traditionally was based in small local councils, has now passed on to comparable structures of regional governments. Now the central government executes its overseeing powers over democratically elected local councils and new combined authorities through fiscal mechanisms compared to administrative subordination in Russia. In other words, local authorities are politically unaccountable but still financially dependent on the central government. Overall, these differing decentralisation policies in Russia and the United Kingdom reflect the argument made by Ashford (1979) that the complex construction of states with variation in regional development makes a country unable to be totally centralised

or decentralised, suggesting that at different points the central government would vary both centralisation and decentralisation policies according to practical needs.

The established democratic formation of localities in England inevitably requires its central government to take into account local voices making decentralisation a process of negotiation between government levels compared to a more top-down approach in Russia and Armenia. This resembles the argument made by Rhodes (1981), which states that central-local government relations were considered through the paradigm of whether local government is an agent of the central government being fiscally and administratively dependent on it or a partner with equal rights overseen by the Parliament. The local government in England being also fiscally dependent on the central government is not entirely similar to the partner type mentioned by Rhodes (1981), but compared to Russia, Armenia and even Greece could be accepted as having a more prominent position in dealing with the central government.

Having discussed the general decentralisation discourse in the selected countries, the second question I asked was: What are the strengths and weaknesses of the current model of local government in your country? In Russia, R1 believed that the main disadvantage is governance that lacks technologically developed management. Moreover, the current system is needlessly centralised which has two negative implications. First, it is practically impossible for the federal centre to oversee all issues on the ground. Second, regions having no freedom in decision-making cause delays in taking necessary actions. R2, in turn, stressed that the current system features two weaknesses. First, the central-local government relations in Russia resemble a feudalistic shape. Second, there is a lack of strong social-economic programs of the federal centre which could bring the country together. For instance, infrastructural projects, which encompass both private and state sector interests, eventually create strong ties between regions not only in economic terms but also in social and cultural terms. R3 believed that the weakness is in over-centralisation of the government system where the President strictly controls both federal and local political institutions. Beside this fact, the problem is that the people in Russia are politically inactive which makes the transformation of the centralisation discourse less possible.

R1 responded that the positive aspect of the current reforms is that although the country is in a challenging geopolitical situation imposed by Western economic sanctions and has a vast territory, the authorities can solve national difficulties relatively quickly. While R2 added that

there is a consensus in the society and among the power holding elites that there is practical need to unite the country under a strong federal leadership to tackle this geopolitical pressure. R2 also stated that despite profound disagreements in place, Russia is still a single state.

Armenia is in a similar position to Russia and Kazakhstan in trying to find the best model of governance, which would ensure both domestic traditions and global best practices. The fundamental difference in Armenia is that it is a territorially small country with a small homogenous population. Moreover, Armenia is currently in the process of implementing broad institutional reforms approved by a nationwide referendum in 2015 (Abrahamian, 2017).

According to A1, overdependence on the state is inherited from Soviet times, and is a case in all post-Soviet countries and is the main weakness of the current system. In this regard, A1 believed that the transformation of this kind of mentality is crucial for implementing further decentralisation reforms. While A3 argued that the weakness is in the party system with one ruling party being in charge of the Government, the Parliament and the local government. In this case, local authorities fulfil only the interests of the political party bosses and undermine the needs of local communities. A4 also stated that people are not sufficiently involved in the governance process. It is vital to establish broad cooperation with citizens not only during election campaigns but also on a regular basis. A4 noted that new constitutional arrangements towards the parliamentary republic were based on the experience of western countries especially of the United Kingdom where the parliamentary structure has had a much longer historical narrative. Before implementing this constitutional reform, it is essential to consider local traditional practices of governance in Armenia, where parliamentary traditions have never existed. Decentralisation of power in Armenia is not relevant considering the people's mentality, cultural traditions, and the size of the country. Any country with such a small territory on the contrary has to have a strong central leadership. Therefore, A4 insisted that a presidential republic is more relevant for Armenia. A2 likewise argued that for Armenia, which is in military conflict with neighbouring Azerbaijan, it is essential to have strong presidential leadership ensuring rapid and all-encompassing decision-making.

In Armenia, central-local government relations are constructed in two ways. There are both regional authorities appointed and directly controlled by the centre, and a popularly elected local self-government at municipal levels. Moreover, further democratisation reforms prescribed the election of mayors of Yerevan, Gyumri and Abovyan by the relevant municipal

councils. This is believed to be a definite improvement ensuring, on the one hand, the development of the party system, and on the other strengthening the overall political system at the local level reducing decisions at the local level to be taken by inexperienced individuals. However, there is also a negative side, this weakens the personal responsibility of public officials for policy implementation. Therefore, there is also a contrasting opinion that the previous system of directly elected prefects was much more democratic. This resembles the argument made by Yilmaz et al. (2008) that competitiveness of political parties in local elections could ensure representation of popular members of society, whereas less competition could intensify the influence of one politically dominant individual. Furthermore, the respondents in Armenia argued that precisely this party system where the ruling party was present at all levels of government impeded effective implementation of decentralisation reforms.

Nevertheless, the fundamental factor affecting overall government development and its decentralisation is the abovementioned ideological dichotomy of Armenian citizens between their Soviet past and the will to modernise according to Western standards. In other words, the Armenian people want their interests to be included in governance, however, make little effort to improve social/political participation. This results in a lack of involvement with decision-making mechanisms, which is similar to Russia, another post-Soviet country. Furthermore, the determination to democratisation has created a situation where local aspects of development are not considered in the process of transformation. A good example is a move to the Parliamentary Republic based on the experience of the United Kingdom even though strong parliamentary traditions have never existed in Armenia.

While in England, the interviewees focused on the lack of local fiscal autonomy and independent decision-making (E1, E2, E3, E6, E8, E9). However, it was also believed that decentralisation had some drawbacks. Decentralisation can affect national financial redistribution policies (E9), and damage the interests of economically deprived areas of the country (E5). In this regard, E5 noted that areas like Cambridge and Manchester having many businesses and industries could survive on locally raised income. However, northern parts of the country, which used to generate income from the coal industry, would not be able to do so. Huppert argued that there should be a balance of decision-making between appropriate levels of government (E1), whereas Limb urged that devolving too many powers to the local

level could undermine national strategic development (E8).

In England, there is currently a devolution process, but in practice, it is not the same as the central government has declared. First, the powers are devolved with insufficient financial resources (E3, E6), inevitably making local governments more compliant to central authorities in order to meet the requirements in service delivery with financial support provided (E5). Second, the execution of services is done following the requirements of the central government (E6, E1). E6 believed that this devolution of powers in essence became delegation of responsibility. In other words, if the provision of services that is still implemented on the central government's political agenda is delayed or stalled due to a lack of financial resources, in public opinion it would become misconduct by local governing bodies but not a failure of the central government (E3, E6).

However, while in the case of Armenia a lack of historical precedence of local autonomy hampers the development of independent decision-making at the local level, in the United Kingdom the existence of local government with a long history means that its structure and operations are wide-ranging and varied which makes decision-making very complicated. In the case of Cambridge, Cambridge City Council was established in 1201. Limb argued that the complicated two-tier system of local government with over 350 small local councils in the United Kingdom is an excellent example of the historical narrative of local development that might have been constructed differently if it was arranged in modern times (E8). The two-tier system creates confusion for the public, making it unclear which local authority is responsible for particular service provision (E1, E8). In the Cambridge area alone there are three different councils: Cambridgeshire County Council, Cambridge City Council, and South Cambridge District Council, which operate in different territorial boundaries (E1). However, there are situations when these councils are responsible for providing services in the same area (E1). For instance, road and pavement construction on the same street is an obligation of different authorities. Sometimes the city council crafts a project, but the county council implements it (E6). E1 contended that this relationship in service provision, on the one hand, creates clashes between the councils that are supposed to work jointly but are independent of each other, and on the other lead to the disappearance of democratic responsibility among citizens who are unaware of whom to contact for poor service provision. In this case, centralisation at the local level might be more productive to most efficiently deal with local problems (E8, E1).

The situation is further complicated in the United Kingdom because each of the listed

councils has a different organisational structure. In Cambridge, Cambridgeshire County Council operates along a committee system, which is assumed to be all encompassing and ensures that every member of the council is involved in policy and decision-making processes (E6). However, this involvement is time-consuming because of the need for negotiation and discussion and eventually makes the governance process more complicated. Cambridgeshire County Council has operated along these lines for two hundred years and has returned because the conservative party lost its majority in the council in 2013 (E6, E5). South Cambridgeshire District Council follows the cabinet system (E8). The cabinet system is based around a strong leader who makes the decision-making process faster and prompt, whereas the scrutiny process in this system ensures decisions are checked adequately before being implemented (E6, E8). E6 claimed that the cabinet system resembles practices in a business environment when a CEO takes decisions binding everybody else. Cambridge City Council, in turn, has a hybrid system (E6, E8). It is neither the committee system nor cabinet system but has committees, executive councillors and a strong leader (E8). Overall having three different councils with overlapping responsibilities but which operate along different systems of leadership cause confusion and delays, which goes against efficient governance.

Moreover, it was believed that the impediment to executing local services effectively was that local governmental bodies often cover various territorial pockets (E8, E1). Police, health authorities and local councils often do not match the territorial scale of their operation (E8). The listed government bodies have separate budgets, and Huppert suggested that devolving finances according to territorial coverage and specific financial usage on particular policies could be more productive in terms of uniting these separate bodies to work on common challenges jointly (E1). E6 argued that together with insufficient coordination at the local level, service delivery was also hampered by disputes within central government bodies when difficulty in reaching common targets between them resulted in delaying policy provisions by localities.

In addition to this, some interviewees believed that the existing party system also has a damaging impact on local governance. E3 argued that England's local government system is considered very democratic but is often undermined by actions of political parties that seek to win elections and therefore needlessly politicise service provision. E6 contended that the process of democratic representation of people's aspirations in local councils has also become over politicised because of a system which allows the party winning more seats to overshadow the interests of others. Concerning organisational transformation, local councils

are similarly subject to political parties' influence. The type of a system in a council, whether the committee, cabinet, or hybrid, is often based on the preferences of political parties (E6, E5).

Nevertheless, there are some advantages of the current system. It was believed that the positive side of the current model is that it is genuinely democratic (E7, E9). There is good electoral separation (E5), and the party system has transparent elections with relatively high turnouts (E9). The model features a large number of local representatives, the absence of corruption (E2), and sufficient expertise of local government (E1). In Cambridge, E8 noted that the positive side is that the city council is managed by professionals who know local necessities and are accountable to the local population. There is an effective scrutiny mechanism by opposition councillors, media and the citizenry. E3 added that local government is still publicly supported with notions of citizens being closely related to their local representatives.

England is an excellent example of where local government is based on democratic principles of government formation. Therefore, the process of power devolution does not reflect a top-down approach but rather a discussion between central and local authorities. However, this also hampers service execution when institutional separation at central and local level makes it challenging to execute programs jointly. Here, it is essential to understand what kind of advantages and weaknesses in local government development and decentralisation procedure are faced by Greece, which as a member of the EU with clear institutional categorisation also shows a complex picture. Greece, as mentioned above, has undergone a fundamental transformation of its local government structures. The government system of Greece is still in the process of adjusting to these recently applied decentralisation reforms. Therefore, the case of Greece is an important example, which showcases the practical disadvantages of decentralisation in practice.

As mentioned in chapter 6 Greece is a parliamentary democracy, with a clear separation of powers guaranteed by the constitution (Hellenic Parliament, 2004). The President in this country plays mainly a ceremonial role, whereas real power is vested in the Prime Minister. The Prime Minister is in charge of both the government and civil service. However, the Parliament in Greece is also an influential institution, which executes parliamentary control over the government and has powers to dismiss the Prime Minister. Local government in Greece has a two-tier system, with regional and municipal authorities (Council of Europe,

2013). The former is responsible for policy implementation of regional scope, whereas the latter is mainly in command of providing services in local areas.

In Greece, G1 argued that the system of government centres on personalities of the executive branch of power, both at the central and local level. At the central level, policy is shaped by the Prime Minister, whereas at the local level by mayors and governors. The electoral system implies that governors are elected together with their teams. A governor winning in elections also gets two-third majority in the relevant council. The central government can dismiss governors only in cases of prosecution. G4 believed that the election of a mayor together with his team is a positive side of the current system, which prevents populists getting into power.

Moreover, G1 noted that there is separation of powers between regional councils and governors. Governors are independent in executing specific policies, whereas strategic goals such as budgeting and policy priorities are subject to the regional council's approval. G3 contended that deputies of a regional governor are responsible for the management of regional units such as Heraklion and Rethymnon, and policy implementation in particular sectors of the economy. Deputy governors together with the governor compose an executive committee. The regional council's decision-making is substantially based on the proposals of the executive committee. G1 proposed to further empower regional councils in order to ensure sufficient checks and balances.

In response to the question, what are the strengths and weaknesses of the current model of local government in your country, G1 noted that the Kallikratis reform transformed the regional administrative structure. Previously, there were prefectures, whose heads were appointed by the central government. The prefectures now have been amalgamated into regions with regional governors being directly elected by the people. G3 stressed that regional authorities of Crete have succeeded in adapting new administrative boundaries of regional governance, whereas in many other regions prefectures still resist working in the new institutional framework. At the local level, local government departments are divided into regional and municipal authorities (G3). Unlike in the United Kingdom, there seems to be a more precise division of services. Each of them has their own obligations, with no vertical subordination between them. Regional authorities are responsible for strategic development of a region, whereas municipalities are in charge of matters related to the everyday life of the citizens. G1 correspondingly contended that collaboration between the two levels of local government is efficient and requires no changes. However, G4 argued that relations between

regional and municipal authorities are not as independent as they are supposed to be. For instance, the EU's funding is directly transferred to regional authorities and then re-allocated to municipalities, therefore making municipalities more reliant on regional authorities.

Furthermore, these institutional changes were shaped after discussions took place with the public taking distinct features of each region of Greece into account (G1). In Crete, as a result of such discussions, agriculture and tourism were selected as the primary development prerogatives. Moreover, Cretan authorities have established a Consultation Committee that connects the society with public officials. G2 pointed out that the new local governance arrangements have had several positive effects. First, it increased overall collaboration between the government and the people. Second, the introduced innovative programs based on European practices reduced expenditures and data searching time. Third, the new management system improved service delivery. Finally, clear institutional frameworks resulted in the objectivity and transparency of the governance processes.

Nevertheless, there are weaknesses especially in the form of a redundant bureaucracy and the low capacity of local personnel (G1, G3, G4). An over bureaucratized system of government has a negative impact on policy-making and results in inefficient usage of the allocations of the European Structural Fund. The problem with the existing staff is that people are old and therefore not skilled in modern technologies and foreign languages. Local councillors work on a voluntary basis and after being elected are not allowed to proceed with their professional careers (G4). Therefore, people with sufficient knowledge avoid working in local government. Additional challenges are that mayors are not allowed to appoint individuals who have not been elected to public positions, and administrative officials sabotaging decisions of elected politicians. While at the central level, government bodies are reluctant toward devolution since they do not want to lose the power they have (G1).

In addition, there are still overlaps between the central and local government responsibilities, and administrative powers are devolved with no fiscal devolution (G2). G3 equally suggested that Kallikratis reform had not been implemented in full with ambiguities between the responsibilities of the central and local levels of government. For example, health care still belongs within the purview of the central government but should have been devolved to the local authorities according to the Kallikratis reforms. There are also inadequate financial provisions, which derives from the country's overall financial crisis, which does not help the process of devolution and governance. G4 added that the central government in Greece

historically prevails in the central-local government relations. The problem is that the central government's financial help that is already prescribed by legislative arrangements is not provided in practice (G4). Local tax stipulated by the EU's regulations is absent in Greece. There is only a municipal tax that is just enough to cover basic services such as lighting and cleaning. G4 suggested that financial support of the central government should be allocated in accordance with a discussion with local citizenry.

It can be seen that the political trend toward decentralisation is a continuous process in the studied countries, except Russia. In Russia, the vertical system of administrative supervision with a robust overwhelming role of the executive is regarded as the main obstacle to effective local government functioning. On the one hand, this system cannot ensure effective central control over dispersed localities; on the other it suppresses independent decision-making at the local level eventually disrupting service provision. Beside this, in many cases, the people themselves are not willing to be involved in local policymaking, which Charbit (2006) sees as an essential prerequisite for decentralisation. Furthermore, the current political paradigm is toward even further centralisation caused by external factors such as international economic sanctions. However, the critical point is that there is a view that for Russia it is more important to improve the technological advantage of its public administration rather than consider decentralisation policies.

While in Armenia there were steps to democratise both central government and local government. The elections of mayors of several cities now are based on the party system. A similar approach is taken at the central level where the country has become of a parliamentary type with an active role of political parties on shaping government policies. This is hampered by the overall situation where the ruling party holds power at all levels of government. Armenia also suffers from a lack of political participation, which is believed to be a fundamental aspect of local governance. Furthermore, there is another factor specific to Armenia affecting government development which is the military conflict with the bordering state Azerbaijan. This is accepted as justification for the need of a strong central authority endorsing quick decision-making and has to be considered as an essential domestic factor when determining the extent to which Armenia can implement devolution of powers.

England and Greece, in turn, are different examples of decentralisation. Both of these countries, in contrast to Armenia and Russia, bear critical institutional characteristics of democratic government formation and checks and balances. In England, local government is

believed to be highly democratic with people's choices determining local representatives. Besides this, the system regards the successful scrutiny mechanism by the opposition, media and local people. Similarly, in Greece, there is a noticeable separation of powers between the central government and the local system of checks and balances. Together with this, people in Greece are involved in local decision-making with their own views of local development in recent decentralisation reforms. This suggests that these countries bear essential preconditions for decentralisation stressed in empirical literature such as the rule of law, community participation in local decision-making, and a well-developed local media (Charbit 2006), (Bahl & Martinez-Vazquez, 2013).

However, there are some practical disadvantages in democratic systems as well. For instance, in England, contrary to Russia, where the government system is adjusted through informal vertical subordination, governance is hampered by the absence of a joint structure of local governmental bodies. Differing local councils being independent of each other often provide services in the same area causing functional disruption, whereas various territorial boundaries of local governmental bodies such as local councils, police, and health authorities create challenges to local development as a single unit. Therefore, there was a view that centralisation of power at the local level might be more efficient for service delivery (E8, E1). However, it is important to note that this complex formation of local councils in England has evolved over centuries, therefore, making it challenging to fundamentally change these structures to which people's aspirations of local government are directly applied. This is an excellent example indicating that the historical narrative of development could overwhelm the practical necessities of modernisation. Besides this, like in Armenia where the ruling party dominates the party system, therefore, leading to centralisation, in England, the developed party system causes practical and democratic weaknesses when the winning political party politicises service provision and also overshadows the interests of other parties. This weakness of the party system is also discussed in empirical literature by Yilmaz et al. (2008), and Bahl & Martinez-Vazquez (2013), whereby even in democratic societies local government being formed by a political party could prioritise partisan interests over the needs of the entire public.

While in Greece the recent reforms on the institutional transformation of local government have established clear segregation of functions between local government tiers, which eliminates the dichotomy in service delivery taking place in England. However, these reforms resulting in the democratisation of local government and decentralisation, at the same time

undermined these achievements due to the introduction of centrally appointed Decentralised Administration Authorities that play an institutionally redundant role of a mediator in central-local government relations. Moreover, while there is no subordination between local government tiers in institutional terms, in practice, regional authorities use their obligation to reallocate the funds of the EU as a political tool to influence municipal authorities. A further disadvantage is in the established democratic form of local government where mayors being elected together with their team cannot appoint people who are not elected to important public positions, at the same time elected local councillors have no permanent salaries and are forbidden to hold other professional positions. This leads to experienced individuals abstaining from being elected to local government. Additionally, Greece also experiences another difficulty in the decentralisation procedure described by Ahmad et al. (2005) such as the reluctance of the central bureaucracy to power devolution.

7.2 The development of local government as a crucial element of democratisation

There are processes towards power devolution in all four case studies; however, centralisation scenarios are also visible. While in Russia and Armenia over-centralisation was accompanied by the absence of democratic principles of power distribution, in Greece and England the democratically shaped governance mechanism also has vested interests of the central government. This shows that any state in the process of governance can implement both policies of centralisation and decentralisation according to the practical needs of the population. Moreover, democratic principles of government development in Greece and England on the one hand are important prerequisites to power devolution to the local level, at the same time also had negative characteristics that disadvantaged local government performance. This suggests that in the process of analysing local governance development and its viability it is essential to take into account specifics of the domestic situation, which otherwise would make the analysis biased towards privileging only democratic systems over others.

The third question I asked was: Do you think there are specific improvements in local governance in your country? Which of those should be considered? More control from the centre? Less control? Other mechanisms? R1 contended that the experience of the 1990s in Russia in building a new country came together with the devolution of extensive powers to regions. A famous phrase of the then President, Boris Yeltsin was, "Take as much sovereignty as you want!", exemplifying the process of power devolution to regions in that period with the

almost total liberation of regional policy in economic, administrative and political spheres. In Russia, R1 believed that the issue of centralisation or decentralisation of governance is not relevant without first developing management technologies. R2 also argued that central-local government relations that are over-bureaucratised should be simplified by introducing transparent management systems. For example, simple reports of school teachers on their work go through all levels of government including *Raion* and *Oblast* levels. It would be much more efficient to hand it to the central government bodies directly. However, R3 contended that the present government structure should be altered toward giving more power to local representative bodies. According to him, the system of *Soviets* such as in the former Soviet Union should be reintroduced which would ensure a bottom-up approach of power construction and collective decision-making. In this system, executive and legislative powers would be amalgamated into one with separate judicial bodies. In other words, devolution of power to one local body, and decentralisation at the national level but not at the local level would prove more efficient. Additionally, improving the technical expertise of the local officials would go a long way in actualising proper governance (R3).

In Armenia, A1 argued that military conflict with neighbouring Azerbaijan has a significant impact on the issue of centralisation and decentralisation of governance. On the one hand, military conflict requires centralisation of power, which would ensure efficient allocation of all types of resources. On the other hand, to have effective governance, there is a need to improve local government with localities becoming more self-sustainable. While A3 believed that local government officials needed more expertise, much like R2 in Russia who also suggested increasing expertise at the local level before devolution of powers. A4 added that the main weakness in Armenia is a combination of Soviet practices with the Western style of management. There are public organisations with entirely legally independent structures, but in practice, they follow a very different paradigm. Government officials can interrupt the management of these organisations at any time. While there is a definite need for the central government in a regulative capacity, devolution of powers and decision-making without interference from the centre would go a long way in improving governance. In other words, in Russia and Armenia, there is a need for increasing expertise to facilitate the devolution of powers. One without the other leaves room for confusion and impediments in service delivery which impacts governance negatively.

In England, most of the interviewed respondents were in favour of easing the central government control over local authorities (E1, E2, E3, E5, E9). E5 pointed out the example of

local schools, which are performing worse because local authorities have lost control over them and they are susceptible to nationally driven agendas without paying heed to local needs. E5 believed that although the central government sets the national curriculum, local authorities should evaluate the schools' performance. E6 also stated that these schools are built by local authorities but institutionally accountable to the central government, which negatively impacts schools. E2 suggested giving local government powers to independently decide their structural shape, and increasing the number of councillors per capita.

In Greece, G2 stated that since 2000 there is a broad program of the EU aimed at developing Electronic Government. The program focuses on establishing effective electronic governance with the elimination of the human factor from service delivery. It was believed that this would reduce bureaucratic procedures, corruption, and public expenditure. G2 noted that to implement the goals of the program efficiently, it is essential to empower local government. There should be devolution of fiscal powers, access to material resources, and experienced personnel. G2 stated that central-local government relations should be collaborative, ensuring their adaptation to occurring challenges. G4 added that local government is the most effective public institution in Greece. G1 and G3 likewise noted that both tiers of local government, municipal and regional, are more aware of the issues and aspirations on the ground. Therefore, the regional authorities of Crete succeeded in implementing all the projects financed by the central government and the EU promptly.

This kind of efficiency was not common practice overall in the public sector. However, the central government still does not want to acknowledge these advantages of having competent local authorities. G1 argued that overall control instruments are essential, but believed that the central government should execute its overseeing powers only regarding compliance to legal arrangements with local authorities having more independence in policy planning and service implementation. G4 similarly stated that there should be more devolution of powers with sufficient provision of financial means. In this regard, Decentralised Administration Authorities, which execute overseeing functions of the central government, are institutionally redundant. G4 proposed to annul Decentralised Administrations and in their place establishing bodies of central government that would oversee the operation of regional governments only concerning legislative and regulatory compliance.

While in Russia and Armenia the issue of improving local government is considered from the prism of improving knowledge capacity of personnel, in England and Greece it is understood

to be enhanced by further devolution of powers to local authorities. In Armenia, there is a need to improve both central government performance, ensuring effective decision-making to deal with the conflicting situation with neighbouring Azerbaijan, and local government that would lead to better local development resulting in overall governance improvement. However, both in Russia and Armenia decentralisation and local government development in the first instance require increasing expertise of government officials overall which otherwise would make decentralisation ineffective. In contrast, in Greece and England, the central government's interference into local issues is considered an impediment to local development. Therefore, there is a need for more financial and institutional autonomy of localities with the central government only playing a regulatory role.

The fourth question was: What can be done to enhance service delivery at the local level? More negotiation with local people? More negotiation for resources? More technical skills, training for staff delivering service? In Russia, R1 argued that it is vital to improve the technological and technical aspects of service delivery. All state services should be provided with electronic communication between civil servants and citizens. R2 suggested improvement in service delivery should be in three directions. First, examination of the functions of different levels of the government according to the needs of the citizens, regions, and private sector; second, broad inclusion of the people into the decision-making process; and finally the introduction of a systematic approach in making reforms. R2 believed that in Russia and other post-Soviet countries it is difficult to systematise governance procedures in practical terms because of the shadowy nature of administrative framework based on informal relations. Also, R3 proposed to strengthen the powers of local self-government by expanding the quantity of municipal property and introducing progressive taxation.

In Armenia, A3 argued that in the first instance it is crucial to enhance engagement with local citizenry. Local authorities do not practically involve citizens in discussions and therefore know little about issues on the ground. An overall need for expertise and a professional civil service came up here as well with A4 likewise calling for improving personnel skills as an essential ingredient for good governance. A4 suggested that the state should establish centres that would help young people to choose their professional path rather than rely on their parents to make decisions as to which career to pursue. Independence of decision-making percolates down to the lowest common denominator where the youth in Armenia continues to follow more traditional patterns of lifestyle. There is an overarching need for providing information and avenues for people of all ages to gather information and make decisions

based on data as opposed to hearsay. A1 also noted that it is crucial to improving technical skills of civil servants. He also mentioned educating citizens about self-governing mechanisms. There should be a shift in people's mentality that the way the government is organised depends on their involvement. People have to realise that they can influence decision-making and not be passive recipients of decisions taken by political representatives. A2, in turn, argued that the problem is corruption which has resulted in a loss of trust in the government by its citizens. Armenia is a small country where every citizen knows the public officials very well. Therefore, first, it is crucial to eliminate corruption, which would bring people's trust back in the government.

To summarise, the question of what should be done elicited responses that ranged from increasing expertise to reducing corruption and to minimising the role of the central government while increasing public participation at the same time. In Russia, it is believed that service delivery requires an effective system of management. This would also encompass decision-making according to people's needs. While in Armenia the problem is in both public officials lacking expertise and people knowing little about the self-governing process. Therefore, for effective service delivery, there is a need, on the one hand, to improve knowledge eventually making representatives more aware of people needs, and on the other to educate people themselves to be more demanding of receiving proper services. Moreover, the primary challenge of service delivery is somewhat similar in Russia and Armenia. In Russia, the system is highly influenced by obscured informal relations, whereas in Armenia widespread corruption causes overall distrust in the government.

In Greece and England, the need to improve engagement with the people and local personnel expertise was considered a fundamental issue ensuring local government development overall. However, the main obstacle to effective service delivery is the lack of sufficient fiscal resources. In Greece, this results in local government's inability to recruit qualified personnel, whereas in England local authorities cannot focus on stable service delivery without being sure how to cover their expenses. Overall, in all four countries, the need for improving knowledge capacity on behalf of the local government was considered as necessary. The weak capacity of local government is highlighted in empirical literature as a common challenge where Charbit (2006) and Bahl & Martinez-Vazquez (2013) consider it an impediment to successful decentralisation. In post-Soviet Armenia and Russia, this is the main obstacle to service delivery. While in England and Greece the improvement in skills of local government personnel is considered an essential factor to improve local government performance overall,

the leading local concern was about fiscal arrangements.

In order to clarify in which way the fiscal capacity of local government could be improved, the final question I asked was: what kind of changes would you propose to the current system of inter-budget relations? In Russia, R2 noted that taking geographical dispersion of natural resources in the federal reallocation of financial means is essential. The argument that incomes from mineral resources belong to a region they originate in is fundamentally wrong, contradicting the very notion of a single state. The margin of difference in economic development between Moscow and most of the regions is by more than four times in some cases. This ultimately makes the Russian people feel that they are not as unified. Therefore, R2 argued that the state should ensure there are no regional differences in the services provided. For instance, if there are particular social benefits in one region, they should be systematised with the rest of the country. R3 added that the budgetary system also has to have a bottom-up approach. The most substantial amount of financial resources should be accumulated at the local level, and then at the regional and then at the national level. The federal level should be only responsible for nation-wide services such as defence, scientific programs, and mega infrastructural projects.

In Armenia, fiscal issues were also related to the overall efficiency of governance (A1). Corruption and ineffective use of public funds by the government officials was of grave concern. There is a need for more financial resources but no understanding of how to spend budgetary funds effectively. Therefore, it is essential to improve management mechanisms that would ensure effective tax collection and their usage. A3 explained that there was a need to examine how local authorities spent financial resources. Together with this, it is first essential to deliver relevant financial skills to the local government and then let them manage fiscal resources independently. While A3 believed that local government have enough fiscal capacity with the issue of lack of finances never been raised by local authorities. However, A4 argued that there is fiscal austerity in the country, which is justified because of the needs of defending the country. The most significant chunk of the state budget is spent on military issues at the cost of financing infrastructure projects. A4, in turn, stated that there is a positive transformation in the central-local government fiscal relations. Nowadays, the central government allocates financial resources only if regions have clear long-term and medium-term financial plans. This, A4 believed, is a modern approach adapted to public governance issues from business. The negative aspect, A4 noted, is state procurements in which much

more focus is on prices rather than quality.

In Russia, the fundamental issue of fiscal capacity of local government is understood as a need to balance economic dispersion between territorially separated regions. While in Armenia it is believed that the lack of expertise in local government makes fiscal decentralisation unimportant at present, therefore at the beginning necessitating improving expertise of local personnel in financing.

In England, the interviews showed that local councils do not produce great incomes independently, and it is essential to give them more power to generate income locally, meaning a more significant local share in taxes collected and the way of using them (E1, E2, E3, E4, E5, E9). The local incomes are generated only from Business Rates that are shared with the central government, and Council Tax which can be only increased by 2 per cent every year (E3). E3 states that the lack of fiscal decentralisation is justified by the view that local governments have been irresponsible with their fiscal planning often being over-reliant on the central government's support. Another issue is that the central government does not allocate money for a long-term period causing difficulty in local planning and forcing local governments to constantly apply for financial support (E3, E8). Nevertheless, considering the importance of local financial independence, it is also crucial to examine the central government's income reallocation mechanism, which ensures that the deprived areas of the country would be able to get financial support when needed (E1, E4, E5, E9).

In Greece, G3 contended that financial support of the central government is reduced by 60 per cent. In order to provide financial support to regions, the central government established a public investment program. However, this program is not part of the central budget and has a temporary character. This affects the financial planning of regions and makes them more reliant on the central government. G1 argued that the vast majority of taxes are collected by the central government and then redistributed to the local level. Regions in Greece only accumulate income from fines. In this regard, G1 suggested that part of the income from VAT should be utilised by regional councils. G4 correspondingly argued that devolving tax-raising powers to the local level is essential. Local authorities have better capabilities of increasing tax base, whereas the central government only uses reallocation mechanism.

In England and Greece local practitioners believed that local government performance is hampered by a lack of fiscal powers at the local level resulting in local government's inability to implement policies and programs according to actual needs. Furthermore, this affects the

long-term planning of local authorities. The solution to this is devolution of fiscal powers and an increase in local tax capacity. This much broader demand for fiscal devolution in Greece and England contrasts with the case of post-Soviet Russia and Armenia where the main problem is considered to be the lack of expertise in management especially at the local level. This difference in understanding what is more essential to improve local conditions could be explained by the fact that Armenia and Russia are developing countries which are still in the process of establishing strong political and social institutions. Whereas Greece and England already have well-established institutional structures and are rather concerned with the process of governance itself which is in many ways subject to fiscal arrangements. This, according to Rodden (2004), is also a case overall in the theoretical and empirical literature on decentralisation where because of well-functioning institutional structures in developed countries the research focus has been predominantly narrowed to the analysis of fiscal relations between the centre and local government.

Conclusion

The fieldwork in the selected countries shows that each country has its specific aspects of local governance development. These specificities are drawn from a historical narrative of development, which is unique to each country. Although the studied countries have different institutional constructions and governance models, overall local governance challenges are similar. The main attributes of local concerns are inadequate financial provision and low knowledge capacity of the staff. Nevertheless, there are also particular circumstances, which influence the central-local government relations' paradigm. For example, the military conflict between Armenia and Azerbaijan; the geopolitical pressure on Russia; and fiscal austerity in Greece caused by the financial crisis. Beside this, there are differences in understanding and locating solutions for improving local governance. In Russia, practitioners see the technological backwardness of the public governance system and absence of real checks and balances between branches of power as a real weakness. In Armenia, the cultural and societal approaches to governance hamper not only governance but also the possibility of improving the situation with prescribed solutions. In England and Greece, in contrast, local officials are much more concerned with fiscal arrangements. It can be suggested that the more visible demand for fiscal decentralisation can be explained by the countries' comparatively developed institutional construction. While the cases of developing countries such as Russia, and Armenia show that they are still in the process of finding the most applicable institutional form and fiscal arrangements are presumed to follow after institutional capacity has been

established. Kazakhstan falls into a similar category and will be discussed in the next chapter.

Moreover, an important finding is that the formal structure of government, whether federal or unitary, does not appear to be a crucial element dictating decentralisation in practice. In the Russian case, the federal constitutional structure that allows some degree of independence to regional authorities is counterbalanced with the strict control of the federal executive authorities in practice. At the same time in the United Kingdom, which has a unitary structure, the system provides far-reaching autonomous powers to the authorities of Scotland, Northern Ireland, and Wales; while regions within England have limited autonomy. Crete also enjoys some degree of autonomy on shaping regional policies in Greece, which also has a unitary structure. Similarly, in unitary Armenia, decentralisation scenarios are differently applied in the city of Yerevan in comparison to the rest of the country.

The fieldwork findings show that these countries have different institutional and development constructions. However, decentralisation is influenced similarly by specific characteristics of localities, which prescribe different degrees of autonomy. Concerning the cities within the countries studied: Cambridge, Moscow, Crete and Yerevan, all enjoy a certain degree of autonomy and independence because of their position in the country. Cambridge, being a territorially small entity but having economic advantages, has undergone a devolution process called 'city deal' which prescribes creating additional unitary authority with the allocation of significant central government funds for infrastructural development. Moscow has a unique structure where bodies of local self-government called municipal councils operate together with *Upravas*, which are governmental bodies under the mayor of Moscow. Crete independently outlines its economic and development policies. While Yerevan has a particular structure, it is a municipality, and a municipal council elects the mayor. Different levels of devolved powers in these areas are an excellent example of decentralisation policies, which are profoundly influenced by specific local conditions. This, therefore, suggests that decentralisation not only takes into account domestic characteristics within a state but also local specifics of areas within the country.

A closer look at the case studies reveals certain similarities with Kazakhstan, which is undergoing a similar transformation. As a developing country integrating into the global order, it continues to get advice and recommendations from international organisations. For Kazakhstan which is trying to find a balance in implementing reforms encompassing Western practices and its own national development narrative, the case studies of Greece and England

on the one hand, and post-Soviet Russia and Armenia on the other are empirically viable. The experience of Greece and England is important to understand the practical drawback of decentralisation in institutionally developed and democratic societies. Whereas Russia and Armenia showcase transitional economies trying to balance their Soviet past with the demands of today. The kinds of challenges they are facing are a good benchmark for what Kazakhstan can expect.

Specific conditions like the size of the country and the geopolitical environment of the country also dictate governance. In Russia, governance is influenced by territorial distance and an absence of well-functioning democratic institutions ensuring sufficient checks and balances which closely resembles the case of Kazakhstan. However, challenges which Armenia faces, especially finding the right balance between Western practices and Soviet practices that persist are also applicable to Kazakhstan. Greece, on the other hand, has undergone a fundamental transformation of local government but created central government bodies called Decentralised Administration Authorities to ensure that local development complies with national interests. This can be found similar in some ways with Kazakhstani attempts to democratise the *Raion* (county) and village level of local government under the supervision of *Oblast* (regional) authorities which will be discussed in chapter 8.

These specific conditions provide a familiar benchmark for understanding international advice that can help Kazakhstan decide best practice in governance while engaging with the idea that local specifics drive any reform. It is worth repeating that the aim of this research is not to give a direct recommendation for decentralisation but rather to highlight what factors are crucial to the analysis of possible reforms. Therefore, it might be empirically incorrect to suggest that some practices are more relevant for Kazakhstan and others not.

There are concurrent decentralisation reforms in all four studied countries, except Russia. Russia already has an institutional structure which prescribes broad autonomy to its regions. However, it is also in a constant process of reshaping its policies according to regional and local circumstances. Even in the United Kingdom, England, which has a long history of democratic institutions, has been implementing various devolution arrangements. This might suggest that decentralisation reforms and improvement of local governance are a continuous process of overall public governance development. The central-local government relations are naturally subject to continuous rearrangements due to the need for adjustment to changing economic and social conditions. In this regard, suggesting that Kazakhstan needs reforms just

because it is a relatively young country with undeveloped institutions might be empirically irrelevant.

The analysis shows that the historical, geographical, social, and economic conditions of the countries and their regions have an enormous influence on the execution of decentralisation policies. Furthermore, the degree of decentralisation can vary within a country itself. Therefore, the process of assessing foreign experience applicable for Kazakhstani regions has to include domestic features both of national and local requirements for development. Beside this, it is also essential to study the formal construction of government together with practical power arrangements. A formal construction such as a constitution is the primary benchmark suggesting the extent to which transformation is legally appropriate. It is essential to consider the ground reality of each region and how governance is carried out irrespective of reforms and changes in government structures.

The present research deals with both formal power compositions based on legislative texts (see chapters 5 and 6) and practical experience acquiring research interviews with local public officials. Kazakhstan, with a very centralised government and some attempts to democratise its governance execution, is now facing challenges in finding the right balance in improving government structures according to best international standards and at the same time ensuring the stability of its existing system. Having outlined the international experience in the selected countries, which showed the practical challenges to decentralisation, it is essential to understand whether these challenges bear any significance for Kazakhstani practices. Therefore, the next chapter gives details about governance execution in Kazakhstan and how this process is assumed in the paradigms of decentralisation and centralisation.

Chapter 8. The analysis of local governance in Kazakhstan

Different historical narratives have impacted the development of local government in Kazakhstan. At different times local governance has experienced various changes due to institutional reforms in Kazakhstan not unlike the United Kingdom, Greece, Russia and Armenia discussed in the previous chapter. Beginning from the times of the Kazakh *Khanate* where the ruling elite consisted of tribal groupings, this was followed by transformation introduced by Tsarist Russia in the 18th century. The government in the Kazakh *Khanate* had a nomadic character and was shaped according to the principles of flexibility and adaptability and tended toward separatist policies under the rule of several *Khans*. Russian rule in the 18th century established stable administrative-territorial structures in territories inhabited by the Kazakhs. These policies were not homogenous because the Kazakh territory was divided between various governor-generalships. A more unified governance model came with the creation of the Soviet Union, which lasted for more than seventy years. After declaring independence in the wake of the dissolution of the Soviet Union, Kazakhstan has built new government structures. As has been discussed in chapter 5, at the central level, the power has been divided between the President as the head of the executive branch and the Parliament, which is a legislative body. *Akims* have been delegated power to perform local executive functions, whereas *Maslikhats* became local representative bodies elected by the people. Since its independence in 1991, the Kazakhstani government structure has undergone several reforms which have tended toward decentralisation and democratisation of local governance. The reforms have prescribed the appointment of *Akims* by the President to be approved by relevant *Maslikhats*. Further on, *Maslikhats* have become responsible for electing rural *Akims*. In 2015, the President of Kazakhstan announced the ‘one hundred concrete steps to implement the five institutional reforms’ policy (Kazakhstanskaya Pravda, 2015). This policy prescribed the establishment of separate budgets for rural *Akims* and improving the role of local public councils. Thereafter, public councils were created (Adilet, 2015), and rural budgets were to be established in two phases, between 2018 and 2020 (Adilet, 2017).

Kazakhstan, as a comparatively new country, is in the process of finding optimal institutional and governance strategies that best reflect its specific historical trajectory. In practical terms, Kazakhstani policymaking is often influenced by development mottos of the Soviet past and newly embraced Western practices without considering the specificities of local conditions and needs. There is a division in society, which includes an old Soviet elite, and a younger generation of practitioners who are educated in the West and endorse Western democratic

principles and aspire to a specific kind of modernisation in Kazakhstan. Nevertheless, it is a fact that since independence Kazakhstan has had the political aspiration to enter the international community of developed and democratic states. This, in many senses, explains the sensitivity of Kazakhstani policymakers to the international advice for building efficient government mechanism. Therefore, for this research, it was essential to understand how local governance development in Kazakhstan is assumed from the point of international experts. It is worth mentioning that Kazakhstan under Soviet rule had a planned economy and therefore after gaining independence sought international expertise especially in building a free market economy. According to President Nazarbayev, as mentioned previously, the economy had to be attended to before political transformation could be considered. The issue of decentralisation in early times of independent Kazakhstan was not considered since the political situation required unifying government mechanisms which bore institutional weaknesses due to the collapse of the Soviet system. This might have been the reason why there are limited reports by international institutions on decentralisation and local government development in Kazakhstan in the early 1990s. Nevertheless, it is important to repeat here the importance of international expertise on local government development in Kazakhstan especially in the context of domestic notions of decentralisation in Kazakhstan.

Experts of international institutions mainly considered the aspects of decentralisation in Kazakhstan through the prism of undeveloped local political institutions and an ineffective system of fiscal relations between government levels. For instance, Makhmutova (2006) argues that government mechanisms in Kazakhstan are over centralised where local government is appointed by the centre and do not have any independence. Moreover, Makhmutova (2006) believes that *Maslikhats*, which are local representative bodies, are institutionally insignificant because their existence is dictated by the political need to demonstrate functioning local democratic institutions. The pilot elections of rural *Akims* were also practically insignificant since these *Akims* were institutionally subordinate to upper level *Raion Akims*. In Kazakhstan, Makhmutova (2006) argues that the absence of local self-government bodies hampers local government execution. Therefore, it was proposed that *Maslikhats* should be accepted as bodies of local self-government with their introduction at the level of villages and to introduce separate budgets for rural *Akims*. The World Bank's (2006) report also suggests that *Maslikhats* have inadequate powers, which is mostly applied to revising proposals made by the *Akims*. Stiftung (2014) believes that in Kazakhstan local government reforms empowering *Maslikhats* to give consent on appointing *Oblast* and *Raion Akims*, and electing rural *Akims* have been hampered by the fact that the central

government coordinates these elections. Additionally, the ruling Nur-Otan party has an overwhelming role over *Maslikhats*, calling their independence into question. Besides this, it is argued that duplication between functions of local government and central government bodies impedes effective delivery of public services in Kazakhstan (ADB, 2003).

Regarding fiscal decentralisation in Kazakhstan, Makhmutova (2006) stresses that regions in Kazakhstan are highly controlled by their dependence on central government funding and don't have enough financial instruments to cover their costs. The World Bank (2006) highlights that the Kazakhstani budget system still functions along Soviet lines where the financial redistribution mechanism was used as a tool to unify regional differences in costs and incomes. Moreover, it is argued that in Kazakhstan central funding is not provided according to actual indicators of local tax capacity but rather arranged through negotiations of regions with the central government's fiscal regulatory body. In this regard, international experts found that in Kazakhstan the central government's financial redistribution is differently applied with regions having various costs for social services such as healthcare and education (ADB, 2003), (Makhmutova, 2006; The World Bank, 2006). It is suggested that these costs should be unified on a per capita basis to be more effective and efficient (The World Bank, 2006).

8.1 The discrepancy between decentralisation policies and national paradigm towards unified government in Kazakhstan

Having mapped central-local government relations in Kazakhstan in terms of the legal framework and international expertise as described in chapter 5, it is also important to analyse this process from the perception of local practitioners. For these reasons, a two-tier research fieldwork was conducted in Kazakhstan that encompassed its Soviet past and modern Western practices that Kazakhstan aspires to after independence. Therefore, the first phase of fieldwork was based on semi-structured interviews with six general questions on decentralisation and local governance development. The interview questions were the same as the ones posed for local practitioners in Russia, Armenia, England, and Greece discussed at length in the previous chapter. In order to obtain a holistic picture of local government development in Kazakhstan, I interviewed local officials at the village, *Raion*, and *Oblast* levels, as well as members of the *Maslikhats*, the local representative branch of power. The majority of the respondents were people belonging to the so-called Soviet Epoch having work experience in Soviet Kazakhstan. Therefore, they were able to draw parallels between the past

and the current local government practices. In the second phase of interviews, I conducted unstructured interviews with local government officials in Astana, Almaty, and Shymkent. These cities have experienced appointments of new *Akims* who are young individuals graduated from Western universities with aspirations to modernise local government along Anglo-Saxon lines. The appointment of these *Akims* has been publicly anticipated as an inspiring episode in the history of Kazakhstani local governance with the hope of bringing modernisation to conventional and archaic practices. Besides this, the views of these young and Western-educated officials could be contrasted with the ones in the first phase of interviews which were predominantly with the old Soviet-educated elite.

Local government, being an intrinsic part of governance, is an important institution where most of the state programs find practical implementation. Most of the reforms with the aim to improve government functioning naturally lead to centralisation or decentralisation. This can be explained by the fact that government overall is a complex mechanism and any transformation in its operation involves function and power rearrangement between its bodies. Therefore, it is difficult to envisage any local government development without considering overall decentralisation procedures. Regarding local government development in Kazakhstan, analysing decentralisation becomes even more important when taking into account Kazakhstan's vast territory and comparatively small population size. Moreover, as Ashford (1979) argues decentralisation becomes essential when the increase in individual welfare creates regional economic disharmonies. This argument is very relevant for Kazakhstan, which historically has had different regions with regards to wealth and economic development. In this case, the central financial redistribution mechanism used is a valuable tool to harmonise regional disparities.

The interview began with the question, what is your view on decentralisation in general and decentralisation reforms in Kazakhstan in particular? In Kazakhstan, some of the respondents were in favour of decentralisation (K4, K5, K7). Looking at a cross section of views, K5 believed that decentralisation is an essential mechanism of local development. K7 noted that governance has to have a bottom-up approach. Therefore, decentralisation is an essential policy ensuring devolution of power to the local level. K4 added that decentralisation guarantees that localities can use their expenditure independently fulfilling local needs. K2, in turn, stated that decentralisation could help to improve governance at the village level, especially where village authorities with insufficient fiscal resources were profoundly bound to the *Raion*. According to K5, local government should be given more power to act

independently since the central government officials are often not aware of local conditions. In this regard, K5 pointed out his work experience in the former Soviet Union and more recently in Kazakhstan to justify his expertise on the subject. The central authorities both from Moscow (in Soviet times) and Astana (present capital of Kazakhstan) gave assignments to local officials that did not take into account local elements specific to the area and therefore affected implementation.

However, several other respondents believed that decentralisation is not entirely applicable in Kazakhstan. In this regard, K3 and K6 stated that right after independence a strong central power was fully justified for ensuring unification of the country. K3 stated that in Kazakhstan with its multi-ethnic society, decentralisation policies should be applied very carefully in order to avoid difficult situations like in other post-Soviet countries which have experienced civil wars as a consequence. Therefore, K3 and K4 suggested that decentralisation policies in Kazakhstan have to include both international experience and domestic development nuances. K8 argued that there are also other drawbacks to implementing decentralisation in Kazakhstan. Decentralisation implies devolution of fiscal powers and election of local executives. First, if fiscal decentralisation was implemented comprehensively, only economically developed cities like Astana and Almaty, and oil-rich regions in the west of Kazakhstan would survive on their own. Only these localities are donors to the Republican budget whereas all others are recipients of central financial support. Secondly, because Kazakhs are tribally divided into *Juz* and *Ru*, discussed in chapter 2, local elections would be based on tribal preferences rather than political representation. This could lead to separatist tendencies similar to those in the times of the Kazakh *Khanate* when each *Juz* had its own *Khan* and tribal affiliations. K4 likewise argued that decentralisation could increase separatist tendencies along with corruption and nepotism. However, establishing local councils with elders or representatives of communities to oversee local executive bodies could help to avoid this. K4 stated that it is also possible to establish a bureaucracy like in the USA, where city managers have purely administrative functions without interruption from political processes.

Regarding implementation of decentralisation reforms in Kazakhstan, K7 stated that this process was highlighted with prompt power devolution to the local level. K7 added that the *Maslikhats* have sufficient powers and it is more critical to ensure effective use of these powers. K1 noted that the positive implications of decentralisation included how village authorities have had their own individual financial accounts that can be used independently to accumulate their income since 2015. Besides this, from 2016, village authorities accumulated

income from transport tax, property tax and land tax as well. K4 stated that recent reforms prescribed devolution of many functions from the central government to the local level. K3 added that the current cautious devolution of powers to the local level is a prerequisite for stable adaptation of government to institutional transformation later on.

Nevertheless, there are also negative sides of the present central-local government power redistribution arrangements in Kazakhstan. K8 noted that legislative arrangements prescribing the consent of relevant *Maslikhats* on appointing *Oblast Akims* by the President were just a formality since in actuality nobody would oppose the President's appointment. K6, in turn, stated that the will of the President towards decentralisation is hampered by the reluctance of the central government bodies to devolve power. The central government apparatus is unwilling to lose their influence and still maintains many territorial departments that duplicate the functions of local authorities. K9 similarly stated that there is a constant revision of devolution of functions to the local level. Sometimes functions are devolved to local authorities and then are given back to the central government bodies.

These kinds of obstacles were considered harmful by K9, and K6 firmly believed that governance should be devolved to local authorities for effective governance. K6 argued that at the local level real matters are implemented by local authorities with territorial departments of central ministries just gathering statistical information, whereas K9 added that local authorities are closer to people and therefore more capable of dealing with local needs.

Furthermore, several interviewees argued that one of the main problems of decentralisation was the low level of qualifications of civil servants both in local government and the central government to effectively execute programs. K5 said that before implementing decentralisation that entails independent decision-making at the local level, there is a need to train local civil servants and public officials such as *Raion Akims* and village *Akims*. K9 suggested that there should be a rotation mechanism ensuring that civil servants before being employed at the central level should work in local government bodies. This would result in a better understanding of local necessities by the central government bodies. K6 also argued that a bottom-up rotation mechanism of civil servants such as exercised in the Soviet Union would help to improve overall governance.

It is seen that from a theoretical point of view decentralisation policies are accepted as a positive tool to improve local governance by many local practitioners. The experience of the 1990s, when Kazakhstani statehood experienced confrontation of the centre with regional

elites, or the cases of other former Soviet Republics, where this kind of confrontation led to clashes and even civil wars, is still in the living memory of Kazakhstani officials and the populace. However, there is also an understanding that the international experience of implementing decentralisation can be used in Kazakhstan but should be adjusted taking into account local needs and conditions. Based on this, it can be stated that there is a careful approach to considering decentralisation reforms in Kazakhstan. In this regard, while decentralisation implies fundamental democratic institutions when a government is formed from the bottom-up responding to the population's aspirations; applicability of decentralisation policies in Kazakhstan suffers certain impediments. Devolving powers would enable local authorities, which are better aware of local conditions, to effectively use financial tools for providing for actual needs. However, the discrepancy in regional development makes fiscal decentralisation irrelevant, whereas tribal division of the society further hampers implementation of political decentralisation requiring elections of local executives. Regarding the practical devolution process in Kazakhstan, as has been mentioned above, it is believed that it is hampered mainly by the administrative strand of government. First, the bureaucratic elite has no desire to lose its authorities and resists even this cautious extent of power devolution. The reluctance of the bureaucracy to devolve power is not a unique issue related only to Kazakhstan, this was noted by local officials in the case of Greece as well, as discussed in the previous chapter. The empirical literature (Ahmad et al., 2005) also considers this issue as one of the main impediments to decentralisation. Beside this, in Kazakhstan, this reluctance results in maintaining territorial departments of central government that duplicate functions of local government and cause further disruption in service delivery. This correlates with the findings of the ADB (2003) that in Kazakhstan duplication of functions between government levels affects service delivery. Secondly, the overall knowledge capacity of civil service is deficient. Central government officers have little to no understanding of local conditions, whereas local officials have insufficient technical skills to embrace additional powers to make local footprints. This is in contrast with the Soviet system of civil service where promotion from the bottom-up was a functional requirement.

In order to further understand how the decentralisation issues discussed here are interrelated with the institutional framework of government, I put the following question to my respondents: what are the strengths and weaknesses of the current system of local government in Kazakhstan.”

On deliberation, the respondents pointed out the strengths and weaknesses of the current

system and proposed changes especially to do with the *Maslikhats*. As mentioned above, the *Maslikhats* were given powers to approve the appointment of *Oblast* and *Raion Akims* and to elect rural *Akims*. K7 noted that the strength of the model was that *Maslikhats* had sufficient powers and the effective use of those powers was the main concern. K4 and K9 also noted that the reforms on empowering *Maslikhats* improved local governance. K9 argued that these powers of *Maslikhats*, which are the representative branch of power, are essential to ensure checks and balances at the local level. While K4 added that *Maslikhats* themselves elected by the people are essential institutions because they are composed of members of different strata of society and represent local conditions. K4 and K9 believed that these changes are sufficient for ensuring steady development of the local political institutions.

However, K3, in contrast, argued that *Maslikhats* which are supposed to oversee the work of *Akims* in practice are under the control of the *Akims* themselves. Similarly, judges and prosecutors are also under the *Akims*' influence which does not serve separation of powers. Consequently, the reforms enabling elections of the rural *Akims* by the relevant *Maslikhats* have not enhanced local governance since the *Akims* of *Raions* nominate candidates for these elections. Besides this, the *Raion Akims* unlawfully interfere in these elections by influencing the members of the *Maslikhats* to vote for the candidates they support. Therefore, the rural *Akims* do not serve interests of local people but rather the *Akims* of *Raions*. In other words, while there is clear evidence of decentralisation and devolution of powers from the centre, the local elites retain the power to influence who gets elected and what policies they undertake. Moreover, although there are definite advantages to the devolution of power to the local level, there is room for improvement. K7 and K5 pointed out that the members of *Maslikhats* work on a voluntary basis and have other permanent positions. In addition to this, *Maslikhats* experienced lack of sufficient personnel. There is only one civil servant for five members of the *Maslikhat*, making overall only five people in the *Maslikhat* of Astana. All of this makes *Maslikhats* less effective in overseeing programs executed by *Akims*.

One of the main weaknesses of the model of government was cited as the quality of personnel. According to some practitioners the government at the central level and locally was committed to decentralisation and devolution of power with checks and balances that are in place to ensure accountability (K5, K6). K6 stated that often civil servants are promoted not according to merit but rather because of support from influential people. K5 noted that governance also suffers because of corruption due to the low wages of civil servants. K5 and K3 noted that unqualified *Akims* often provide false information and therefore the central

government's final statistical data is also biased, making programs based on this information erroneous. Considering these problems in a broader context, Kazakhstan already has *Oblast* officials who have better indicators for assessing regional performance. For instance, *Oblast Akims* reduce the costs of constructing school buildings excessively, which could have dire consequences in the long term. Furthermore, *Oblast Akims* force rural *Akims* to focus first on collecting local taxes rather than republican taxes.

In addition, K8 argued that it is inappropriate that *Raions* differ in their population size but have a similar number of civil servants. Therefore, there is a need to systematise structures of *Raions* according to population size. K9 contended that *Akims* have to pass exams on knowledge of the laws of the Republic of Kazakhstan rather than focus on local issues. Many effective *Akims* failed in this examination leading to their removal. Furthermore, K9 argued that the positive aspect was that *Akims* could annually transform their operational structure according to local conditions. However, K6 argued that this resulted in constant re-establishing of new and redundant departments in local government.

Regarding village level of local government, K1 stated that unnecessary inspections of controlling bodies disrupt the work undertaken by village *Akims*. K2 added that *Akims* of villages could not independently resolve any local issue due to insufficient financial capacity. Therefore, village *Akims* always have a chance to blame higher officials for not providing financial resources when faced with local concerns. However, K2 also believed that devolution of fiscal powers to the village level would not help since there are insufficient private enterprises which form the local tax base.

It is seen that the local government model in Kazakhstan is understood as efficient but is hampered by practical issues of implementation. For instance, the reforms to empowering *Maslikhats* are accepted as institutionally viable and adequate for local government development in Kazakhstan. *Maslikhats* are essential bodies elected by the people, which ensure adequate power balance at the local level. However, this institutional capacity of *Maslikhats* is different in practice. As mentioned above, *Akims* override the powers of *Maslikhats* making the legislatively arranged system of checks and balances at the local level farcical. However, there is also a belief that members of *Maslikhats* are themselves not willing to use the powers appropriately due to insufficient expertise. Moreover, *Maslikhat* members work voluntarily and don't have enough staff to implement programs. This is also understood as an obstacle to effective overseeing functions that the *Maslikhats* are supposed

to serve. Insufficient personnel, however, is also seen in executive bodies at the *Raion* level, where territorial boundaries do not match the number of employees.

Another impediment to decentralisation is the quality of personnel as mentioned above. This is assumed to have various causes including low wages and absence of principles of meritocracy. The Soviet-style bottom-up rotation approach is again understood as necessary to overcome this. It is important to note that low knowledge capacity of local government is a common problem in decentralisation, which is discussed, in the empirical literature in chapter 3 (Charbit, 2006). This issue was highlighted in the cases of England, Greece, and Armenia in the previous chapter as well. However, in Kazakhstan, the problem is considered in the scope of overall civil service both at the local and at the central levels. The crucial factor is the right of *Akims* to transform their administrative structures independently. However, this also has practical drawbacks, with *Akims* reconsidering the structural compound of local governmental bodies repeatedly. Therefore, there is an opinion that Soviet practices where administrative structures of all government bodies were fixed at the very top level would be much more efficient.

A further problem anticipated is the informational inconsistency between levels of government. In Kazakhstan, the system of government is shaped along vertical subordination with *Oblast Akims* acting as agents of the centre. This is similarly replicated at the local level with top-down subordination of rural areas to *Raions*, and *Raions* to *Oblasts* respectively. Therefore, the regulative mechanism works in a way making it mandatory for government officials to present data on their performance all the way from the bottom to the top. This has a side effect which is that the data is falsified throughout the government system if it is falsified at the lowest level. The solution to this is assumed to be in enhancing checking mechanisms of information received. Besides this, the vertical system of government implies that lower levels of government are dependent on upper levels not only administratively and politically but fiscally as well. This is seen at all levels of local government. However, it has significant negative implications at the lowest level of villages. The lack of fiscal and political decentralisation in villages, on the one hand, impedes local development according to the local vision and on the other hand, washes away the public responsibility of village *Akims* to take necessary action. Nevertheless, it is believed that devolving fiscal powers would not resolve issues in villages due to an insufficient number of businesses to generate tax in order to be able to have enough funds.

The respondents in Kazakhstan in many cases assume that the problems of local development are caused by human factor and have no connection to institutional and structural biases. This assumption is presented in evaluating reforms on empowering *Maslikhats* and the issue of falsification of local performance indicators. In addition, it was suggested that the discussed difficulties of local government in Kazakhstan by and large are related to the existing vertical model of government. This vertical model implies concentration of major decision-making and financial powers at the central level, causing lack of motivation and taking necessary responsibility at local level. The case of reforms on empowering *Maslikhats* is an essential example, demonstrating that the central government is publicly committed to decentralise but in practice makes this move ineffective by controlling *Maslikhats* through centrally appointed *Akims*. This situation might be similar to the argument made by Yilmaz et al. (2008) that decentralisation is ineffective when it is implemented only according to the interests of the central government. Moreover, the fact that local government falsifies local indicators of development to show better performance might be evidence that vertical controlling mechanisms are ineffective. This becomes even more obvious considering large territorial distances in Kazakhstan, where it is physically challenging for the central government to oversee the situation in dispersed localities. For these reasons, local horizontal control mechanisms could be a solution. However, *Maslikhats* and public councils are already supposed to oversee the performance of local executives. This opens up an important question of whether it is necessary for Kazakhstan to improve its existing model of local government or seek new international practices. In other words, does Kazakhstan require new institutions and structures to be established or should it improve the institutions which already exist?

The respondents admitted that the current reforms on decentralisation are adequate, ensuring stable development, and that further steps toward devolution and democratisation could be taken later on. Some suggested that the system of local government of the USA is the one Kazakhstan should aim to follow. However, these kinds of propositions could be irrelevant considering the government systems in the USA and Kazakhstan are so different. The historical aspects of government development are essential factors of the current shape of governance trajectories in any country. Historically, Kazakhstan's government models have different checks and balances than what the western/Anglo-Saxon world recognises. However, if Kazakhstan chooses to follow the western model then it leads to weak institutional capacity and thus requires attention.

The existing model of government in Kazakhstan shows a sort of eclecticism with the Soviet

heavy centralised structures, with no distinction between power branches and its approach to democratisation and decentralisation in a Western-style Madisonian model. In other words, the Kazakhstani model is institutionally constructed similar to Western democracies but executed in Soviet style. This kind of transition in government development is highlighted in the cases of Armenia and Russia as well. This suggests two points. First, it is essential to find a balance in implementing decentralisation reforms ensuring in the process best international practices and domestic features of development. This is specifically applicable for post-Soviet countries, which are still in transition from Soviet-style directive governance to Western models of democratic principles of power redistribution and public accountability. Second, any country at some point would execute both decentralisation and centralisation ensuring that governance is adjusted to the practical needs of national development. Central-local government relations are a constant process of government functioning, and they naturally require continuing revisions according to changes in the real socio-economic situation. Therefore, in order for Kazakhstan to improve local governance, it is essential to enhance its existing model further and evaluate international experience for viability.

The discussion in the previous section naturally leads us to the third question: How can local governance in Kazakhstan be improved? More control from the centre? Less control? Another mechanism? Here several respondents agreed that control by itself is crucial (K2, K3, K5). However, K2 added that control needs mechanisms to enable activity. On this subject, K2 stated that *Raion* authorities play a redundant role as mediator between village and *Oblast* authorities, and therefore it would be better to abolish *Raions* altogether. Contrary to this, K5 contended that control should be strengthened with the introduction of electronic technologies that would eliminate human factor. A similar approach applied to all public services including state procurements would benefit overall governance. K4, in turn, argued that there is a need for regulation by the central government together with scrutiny from the people. The people often complain about local authorities since citizens are not involved in the local decision-making process. Nowadays, in Kazakhstan, there are no public scrutiny mechanisms of local government. Only upper-level authorities and law enforcement agencies examine *Akims*. On the other hand, village *Akims* and *Raion Akims* independently can do little due to insufficient resources. Therefore, K4 pointed out that the central government's plans to devolve income from land and transport tax to village authorities are a positive move that would eventually help development in localities. K1 stated that since local authorities are given a political mandate to govern, the central government should trust them and only inspect them annually. K3 and K4 stated that Kazakhstan should aim to achieve the system of local government

where the people elect local representatives in transparent and fair elections, like the USA. However, it is too early to have direct elections of *Akims* by the people and should be introduced later when the office is more established.

Nevertheless, there are also views that control of the central government itself is not panacea for improving local government. K9 argued that the central government should improve its evaluation of local projects, and use the fiscal reallocation mechanism to fulfil the real needs of localities. Besides this, local budgets which are comprised of income from only land and transport taxes should be enhanced by devolution of partial income from VAT and income tax. This would help to incentivise local government to work towards increasing tax collection. K6 added that the real obstacle to effective governance is that government officials at all levels are often promoted according to personal connections, and also avoid a penalty for wrongdoings. This results in distrust of the people in the government. Therefore, it is more critical to improve accountability of civil servants and public officials rather than devolve powers further at this point. K6 stated that in Soviet times there was a very effective system to oversee the civil service, ensuring severe repercussions for misconduct. Moreover, structures for all government bodies should be established by the central government as it used to be done in the former Soviet Union.

K8 contended that in general control mechanisms of the central government are ineffective, however, at the same time local authorities today are not prepared to work independently because of the ingrained culture of hierarchy. *Raion* and rural *Akims* report to the people, but the *Akims* often present false data as mentioned already. Even regarding the supervision of *Oblasts* over *Raion* and rural *Akims*, the staff at *Oblast* level is often incompetent with little or no knowledge of local conditions. Rural and *Raion Akims* are aware of this incompetence and therefore provide false reports. In this regard, K8 agreed with the propositions of K9 and K6 to introduce bottom-up promotion of civil servants to gain experience at all levels of government, whereas K5 proposed that the data coming from local officials has to be re-examined by at least two different methods for cross-checking purposes.

K7 stated that enabling the chairmen of the permanent commissions of the *Maslikhat* to be fully employed would improve the performance of the *Maslikhat* and its functions. She also believed that *Oblast Maslikhats* are often ineffective because their members are not fully aware of the issues in the *Oblast* and particular *Raions*. Therefore, when *Oblast Akims* present their projects, members of *Oblast Maslikhats* are incapable of questioning *Akims* thoroughly

leading to the execution of programs without thorough examination.

In Kazakhstan, it is assumed that controlling mechanisms of the central government are essential to improve local governance. However, the current system also requires a public scrutiny mechanism that would fulfil aspirations of the local citizenry and use more electronic applications. It is seen that the challenges in exercising control are derived from the vertical system of government discussed above. Besides, officials of village and *Oblast* level understand the issue of overseeing differently. Village *Akims* believe that the upper levels have to trust them and relax inspections and that *Raion Akims* are just a redundant institution mediating between village and *Oblast*. While *Oblast* practitioners argue that village and *Raion* officials present false data on their performance and the solution to this is to introduce abovementioned bottom-up promotion as in the Soviet Union which would also help fill *Oblasts* with personnel knowing local conditions. Although it is admitted that the centralised system of government with a vertical overseeing mechanism is not efficient enough, it has no substitute due to the historical and cultural approach of following a rigid hierarchy rather than taking independent actions. Another challenge in the current system of civil service is the absence of meritocracy and effective overseeing over civil servants' wrongdoings. In this regard, the Soviet system is also seemingly more advantageous with its prompt scrutiny of misconduct.

It is also important to improve current central-local government relations in fiscal terms. On the one hand, local authorities do not have enough financial capacity to resolve local issues and therefore fail the citizenry; on the other hand, the central financial redistribution mechanism is often ineffective due to biases in estimating local needs. In other words, local governance in Kazakhstan is limited by historical traditions of governance as much as by a lack of expertise and knowledge at the local level to be able to accept fuller devolution of power from the centre. While the mechanics of power shape the level of control executed it is essential to understand that there is room for improvement in government structures. Next, it was essential to ask respondents how these improvements in governance are realised through the prism of service delivery.

Therefore, the next question delved into the further enhancement of service delivery at the local level. Does more negotiation with local people or more negotiation for resources create better service delivery? More technical skills, training for staff delivering service? The majority of respondents noted that improving the skills of personnel is crucial for service

delivery (K2, K3, K5). K3 argued that lack of expertise was the main problem and thus to ensure better service delivery more training was required. K4 added that unqualified individuals were at senior positions in local government bodies as well. K2 contended that the issue of recruiting skilled individuals is hampered by the fact that local authorities do not have enough financial resources to hire them. K9 likewise stated that lower wages of civil servants in local government led people to prefer to work in central government bodies rather than at the local level. K9 suggested introducing supporting schemes for local personnel such as help with renting accommodation and additional financial bonuses as a reward for work well done. K1 went further and argued that salaries of *Akims* should be systematised according to population size. At present, the *Akim* of a rural district with four thousand people has a similar salary to the *Akim* governing an area populated by ten thousand citizens.

Other than improving the technical skills and proper compensation for work at the local level, K3 and K6 suggested it is also essential to improve engagement with local citizenry. In this regard, K6 contended that there is no bridge between people and the government, with the latter reporting only on achievements but obscuring problems that need to be resolved through discussion with the people. Thus, it is vital to establish public councils that would provide scrutiny by the people. K6 noted that in Soviet times if civil servants were publicly criticised their work would be shared with the public.

K13 stated that people are alienated from authorities with no political platform connecting them in Kazakhstan today. Recent public protests against land reform¹⁰⁵ are proof that the old conventional way of dealing with citizens is still in practice. K3 also believed that *Akims* have to be aware of local people's aspirations and demands. At present, many *Akims* are appointed to territories they have never been to and therefore are often unfamiliar with local problems. K5 argued that it is crucial to improve service delivery at the very local level since governance at the bottom level affects the majority of the population directly. K9 believed that *Akims* should be tested on practical issues of implementing programs locally rather than overall knowledge of governance especially in the centre. Besides this, K5 believed that it is essential to encourage citizens themselves to be more demanding when it comes to receiving

¹⁰⁵ Kazakhstan's land reform protests explained (see <https://www.bbc.com/news/world-asia-36163103>, accessed 19 October 2018).

appropriate public services and using electronic government applications. K8's contention that service delivery is hampered by widespread corruption could also be resolved by using electronic tools in service delivery thus eliminating the human factor.

Service delivery in Kazakhstan is hampered by the insufficient expertise of local government personnel and little engagement with local citizenry. The low knowledge capacity of local government is a common condition in global practice and is seen as an impediment to the implementation of decentralisation reforms in empirical literature (Charbit, 2006). In Kazakhstan like in England and Greece, the leading cause was lower salaries in local government, attracting lower skilled people. The solution lies in making local government more attractive by providing social support for its staff.

To summarise, the low participation of people in the governing process in Kazakhstan is a significant problem exacerbated by two issues which further worsen this. First, the mechanism of appointing *Akims* shows its disadvantage in that people who do not know the socio-political conditions of particular localities govern them. Second, the absence of public scrutiny of the local government leaves room for local needs not being delivered. This already resulted in public protests against the land reform which was not publicly discussed. The respondents addressed this issue through the establishment of public councils that would ensure overseeing by citizens and which were properly exercised in the Soviet Union.

8.2 The effective checks and balances system as a prerequisite for local development

As mentioned above Kazakhstan has a centralised system of government with vertical subordination and a centrally located overseeing mechanism. The central government appoints local executives and provides scrutiny of their actions. The local horizontal overseeing mechanism is constitutionally set as a prerogative of local representative institutions like the *Maslikhats* which are elected by the people. In a system with no elective local government and local self-government, the central authorities decided to prioritise the role of *Maslikhats* as a local institution representing people's aspirations. In this regard, the *Maslikhats* received powers on approving the appointment of *Oblast* and *Raion Akims* and electing rural *Akims*. Besides this, the *Maslikhats* have been legislatively accepted as institutions of local self-government, thus representing the needs of local communities. In the current system of government, the *Maslikhat* is essential and might be the only institution ensuring local checks and balances and the implementation of local programs according to the population's aspirations. Its importance is even more significant if we take into account two factors. First, in Kazakhstan, local media and civil society are not well-developed enough to safeguard citizens' rights or provide efficient scrutiny of local executives. Second, vast territories of Kazakhstan populated by a comparatively small number of citizens make the vertical controlling mechanism less effective. Therefore, Kazakhstan requires, additional, locally driven overseeing that would certify the actions of the executive as per local requirements and demands.

In order to fully understand how the current situation could be improved, I asked their opinion on what powers of *Maslikhats* could be strengthened especially with regards to supervising *Akims* in order to improve service delivery? What kind of mechanism could be introduced at the local level in order to oversee the work of *Akims* more effectively? The interviewees expressed different opinions on how much the *Maslikhats* should be strengthened. K5 believed that it is disruptive when there are two powerful local political institutions since it would cause a power struggle. However, K1 contended that when there is a clash of views, it leads to better policies. Several interviewees said that *Maslikhats* already had adequate powers (K2, K5, K6). In this regard, K2 went on to add that *Maslikhats* have essential powers to effectively oversee the work of *Akims* such as: giving consent on the appointment of *Akims*; passing a motion of no confidence against *Akims*; hearing annual reports on the work of the *Akims*; and regular reports of deputies and heads of departments of *Akimats* to permanent commissions of the *Maslikhats*. K6 added that *Maslikhats* have essential powers in accepting

local budgets and local state programmes, and in general can reject any propositions of *Akims*. Besides this, now *Maslikhats* also give consent on the appointment of the chiefs of the local police by *Akims* (K5).

However, there are also opinions as mentioned above that in practice *Akims* have enormous influence over *Maslikhats* and elections of *Maslikhat* members (K4, K5). *Akims* give unofficial orders to the local branches of the ruling Nur-Otan party and other local stakeholders to support specific candidates (K5). The secretaries of *Maslikhats* often even force members of *Maslikhats* to support *Akims'* projects. This is also the case in the Parliament where members do not have independent political opinions. The compliant behaviour of members of *Maslikhats* is believed to have several causes. Many members of *Maslikhats* do not oppose *Akims* because they want to be re-elected, whereas others are owners of construction firms that need the *Akims'* support in winning public tenders. Sugirbayev contended that numerous members of the *Maslikhat* do not have sufficient expertise due to lack of work experience in government and public organisations (K6). K8, in turn, stated that the system of local checks and balances does not function properly because of tribal divisions in local politics. The performance of *Maslikhats* concerning improving conditions in villages is also understood differently. K2 stated that *Maslikhats* filled with supporters of *Akims* do not resolve issues independently. However, K1 argued that he as *Akim* of a rural county receives much support from members of *Raion* and *Oblast Maslikhats* of his constituency, remarkably regarding financing public services. This shows individual *Akims* can still get support depending on their own place in society.

For these reasons, it was stated that popularly elected *Maslikhats* should play a more significant role in local politics executing real control over *Akims* (K3, K4, K9). K3 believed that electing respectable members of the society to *Maslikhats* could change the situation, whereas K4 thought it was essential to introduce legislative norms preventing *Akims* from influencing *Maslikhats* and intervening in local elections. K6 argued that the solution is to organise training for newly elected members. However, K8 stated that the vertical overseeing of the Administration of the President is enough and a local control mechanism is not needed. It is much more important to enhance the authority of *Oblasts* overseeing *Raion* and village *Akims* rather than strengthening *Maslikhats*. Village *Akims*, on the other hand, insisted on strengthening powers at the village level of local government (K2, K3).

As mentioned above in order to democratise local governance involving people in decision-

making, the President approved the establishment of public councils. There is a differing opinion on the effectiveness of this council. K6 stated that public councils were allowed to interrupt the work of *Maslikhats* inappropriately. *Maslikhats* are democratically elected institutions, whereas these councils are formed by local interior departments. However, K1 stated that at the village level public councils were very useful in helping to resolve local conflicts and criminal cases without the involvement of law enforcement bodies.

In other words, it is seen that in Kazakhstan there is an understanding of improving *Maslikhats* as an essential institution ensuring local checks and balances. However, there are also obstacles to practical implementation of constitutionally arranged institutional structures. As discussed above, the government in Kazakhstan is centralised with a strict vertical system of supervision. Although the constitution provides separation of powers with checks and balances, in real life the executive power is predominant over Parliament. This exists at the local level where *Akims* control *Maslikhats* as well. This weakness, which is mentioned by experts, Makhmutova, Stiftung, and the World Bank, is also realised by local practitioners. As Makhmutova (2006) suggested *Maslikhats* have become local self-government bodies and there is a process of setting independent budgets for rural *Akims* to implement international recommendations.

However, there are still some issues that have not fundamentally changed. Although the powers of *Maslikhats* have been increased, *Maslikhats* are still highly influenced by the actions of *Akims* as the World Bank (2006) has highlighted. Besides this, Stiftung's (2014) argument of the central government controlling local elections through its representatives, *Akims*, is also evident. On this subject, the solutions proposed by the interviewees varied from improving the technical skills of *Maslikhat* members to the introduction of legislative norms restricting the power of *Akims* over the performance of *Maslikhats*. However, tribal divisions in local politics make it challenging to transform the established power flow. Therefore, it is considered easier to improve overseeing of the upper tier of local government such as *Oblasts* over *Raions* and villages rather than be able to weed out traditional loyalties and relationships. The introduction of public councils, which was supposed to increase involvement of the local citizenry, has had institutionally biased implications. Although these councils showed some practical viability being used as a mechanism to mediate within communities in resolving adverse situations, their democratic capacity is dubious due to their formation by local interior departments. Moreover, public councils received powers to interfere into work of popularly elected *Maslikhats*. It might be suggested that the central authorities in Kazakhstan, while

being publicly committed to the democratisation of local government and decentralisation, in practice overshadow this process by establishing legislative and bureaucratic loopholes that preserve centralisation. This could be explained by the transitional period of government development in Kazakhstan from inherited Soviet practices of directive administration to Western-type developed democracies.

Finally, I asked what kind of changes they would propose to the current system of inter-budget relations which was pointed out as the main problem in the devolution of power. K6 noted that in Kazakhstan there is a conflict between *Oblasts* about the unfair distribution of central government funding. Western *Oblasts* regularly claim that being the leading donors to the Republican budget gives them the right to have a larger share in central financial budget allocation. K5 emphasised that Western *Oblasts* presume they contribute to the other regions and even consider separation as a viable option. On this subject, K13 stated that recent public protests against land reform were caused by the fact that the central government withdrew 55 per cent of income from the Atyrau *Oblast's* budget. Moreover, K6 believed that the central government's income reallocation mechanism should be based on indicators of regional population and territorial size, while today this process is based on negotiations of *Oblasts* with the central government. K9 likewise noted that the central government does not have clear indicators of how to evaluate incomes and costs for regions. Therefore, there is a need for establishing fixed estimation standards. K8 stated that it is wrong that Mangystau *Oblast* with 500,000 citizens receives similar central financial support as does South Kazakhstan *Oblast* which is populated by 3.2 million people. Similarly, in primary education, South Kazakhstan *Oblast* has 1,050 schools while Mangystau *Oblast* has 150 schools. Hence, K8 suggested the redistribution of the central government funding on a per capita basis. However, this is challenged by the tribal division of Kazakhs, which is also presented in central-local government relations. In other words, government officials often informally promote allocating more financial resources to *Raions* they have a tribal affiliation with.

Furthermore, K9 contended that three-year budget planning is problematic as well since it is based on a statistical forecast of social development rather than on real figures. This budget planning ignores the fact that social and economic conditions in real life change much more frequently. This leads to the central government withdrawing income from regions spending less but consequently does not provide additional finance to the ones who overspend. Overall, K9 argued that local government has to have devolved powers to arrange budget incomes and costs independently. K4 agreed that it is essential to devolve local government fiscal powers

on expenditure and income and provide them with a larger share in tax income reallocation. This is assumed to encourage the local government towards enhancing tax collection and improving the local business environment.

The fiscal division of central-local government relations in Kazakhstan is highly influenced by the redistribution mechanism of the central government. As the World Bank (2006) points out, Kazakhstan has inherited the Soviet system of fiscal relations where the redistribution of income is the primary mechanism to balance differences in regional welfare. While it is common that the central government uses a redistribution mechanism to support economically deprived areas, which was seen, in the cases of Greece, England, and Russia, in Kazakhstan this system is hampered by the absence of well-developed arrangements. On this subject, the views of international experts (The World Bank, 2006) and local practitioners are similar, stating that funding allocation of the central government in practice happens due to a discussion between *Oblast Akims* and the central government, whereas it should be implemented according to established standards of regional performance. There is also a similar view of the interviewees and international experts (ADB, 2003; Makhmutova, 2006; and the World Bank, 2006) on that, in Kazakhstan there is disproportionate regional spending on social services and the solution is to devolve equal amount of finances based on per capita estimation. Beside this, it is argued that rural *Akims*, which have a better insight of local needs, have to have their own budgets, and this also correlates with advice from international institutions (Makhmutova, 2006).

Accordingly, at the village level as well there are funding issues. K1 was positive since recently village authorities have been given fiscal powers on three different taxes. K1 noted that income from these taxes makes about 5 million tenge helping him deal with local problems. However, K2 was less enthusiastic about the fiscal capacity of village authorities saying that it was only enough to provide services in litter collection and planting greenery. In all other expenses, village *Akims* continued to be profoundly bound to *Raion* authorities, continually having to apply for financial support. Another problem was that village performance is ranked according to the level of tax collection, and therefore village *Akims* collecting less tax income were penalised.

It is argued that in Kazakhstan, current long-term central budget planning is ineffective due to ignoring the real socio-economic situation that changes regularly and requires adjustment of budgeting procedures on a more frequent basis than every three years. Eventually, this results

in difficulty of local governments to cover their spending since the central government does not provide additional finances other than those arranged in the budget.

It is seen that vertical administrative and political supervision is replicated in fiscal relations between government levels, leading to practical drawbacks on local development in Kazakhstan. At the same time, there is evidence that the central government realising the needs of localities is gradually devolving tax income. However, comparatively, the system of fiscal relations in Kazakhstan seems to be penalising local authorities for not meeting estimated tax collection more than the central planning mechanism. This shows the disadvantages of centralised fiscal planning. While it is not an uncommon situation for the local government to contest the central government over receiving additional financial support or tax levying powers, the Kazakhstani government is using a rather primitive approach in local fiscal development based on indicators of tax estimation and its collection. Even the fundamental paradigm of fiscal decentralisation as an instrument to improve local conditions and service delivery according to local needs is understood as a tool to improve the motivation of local authorities towards tax collection in Kazakhstan.

It is important to note that the productive system of fiscal relations, as seen in empirical literature (Bahl & Martinez-Vazquez, 2013), is an essential prerequisite to decentralisation. This, as discussed above, is not the case in Kazakhstan. According to Rodden (2004), the analysis of fiscal decentralisation has had a more significant share in the empirical literature because developed countries by and large have passed the period of establishing political powers of local government. This is relevant for Kazakhstan where only a few local officials realised the need to devolve fiscal powers, whereas for instance in the case of England and Greece where local officials are democratically elected, almost all interviewees shared concerns on the fiscal incapability of local governments. However, there is also a contrary fact, the difficulties of overspending and the need of additional financial support from central authorities in local government were also seen in the cases of Greece and England, which are presumably much more advanced than Kazakhstan, again, because of having political decentralisation such as elected local government. It is important to understand while empirical literature (White, 2011) tries to categorise decentralisation paradigms according to administrative, political, and fiscal arrangements, in practice the central-local government relations encompass many different aspects that make it difficult to delineate one country as more decentralised than another. For instance, in the case of England, decentralisation arrangements are perceived by the central government as a devolution process. However, in

practice, the devolved powers were executed according to norms set by the central government, which empirical literature (Martinez-Vazquez & Timofeev, 2010) categorises as a 'delegation' of powers. This demonstrates that the theoretical categorisation of decentralisation does not always match practical aspects of governance. As Rodden (2004) points out, the analysis of decentralisation has to take into account the local specifics of institutional development. Therefore, this study argues that decentralisation and local-central government relations are highly influenced by domestic development issues, even within one country, and require analysis that encompasses various aspects including historical, institutional, and socio-economic development.

It was mentioned above that there is a new trend in local government in Kazakhstan related to appointing young *Akims* with the hope to bring a fresh and modern approach to governance. Subsequently, new *Akims* were appointed to cities of Astana, Almaty and Shymkent. These cities being the most populated and economically developed are of essential significance to Kazakhstan. Astana is the new capital of Kazakhstan where the latest ideas in the development of Kazakhstan are first implemented. Almaty is the financial capital of the country with the largest population and business sector making it one of the leading donors to the Republican budget. Shymkent is the third largest city with the most economic potential for development. It was essential to understand how the appointments of the new type of *Akims* contributed to local development and governance in these cities. Therefore I asked the second group of interviewees how local government performance was transformed under the leadership of this new type of *Akim*.

In Astana, K11 stated that the new *Akim* of *Astana*, Issekeshov, wanted to improve conventional local governance mechanisms by enhancing the quality of local public officials, engagement with the public in the decision-making process, and increasing the city's economic development. The *Akim* improved the engagement with the people, making the work of the *Akimat* much more open to the public eye. The initiatives of the *Akim* and problems regarding the development of Astana have been publicly discussed using media outlets and social networks. For these reasons, the role of the press centre of the *Akim* was strengthened, whereas for coverage in social networks the *Akimat* was actively engaged with popular web bloggers. Besides this, all high-ranking officials of the *Akimat* were obliged to enrol in training aimed at enhancing public speaking skills, which was also supposed to improve local officials' engagement with citizens. Furthermore, the *Akim* being closer to the people himself is transforming the traditional public image of a high-ranking official. The

Akim has no police escorts, while many other *Oblast Akims* have them, and could often be seen shopping and visiting the airport alone. A similar approach was used in city planning, where in the first instance citizens' needs and comforts were considered (K10, K11). The city authorities decided to construct many spots of recreational activity, and prioritise rights of pedestrians and cyclists. Besides this, they planned to reproduce the experience of Moscow city with a project called 'My one street' where infrastructure was built coherently around one particular street highlighting the needs of the people.

Regarding development of local government, K11 stated that compared to previous *Akims*, the new *Akim* comprehended that local government in Astana required improvement not only in its performance but also in institutional and structural capacity. Therefore, the *Akim* proposed more than 120 legislative amendments on the functions and responsibilities of the *Akimat* of Astana to the central government. Moreover, K11 saw the proposition of the *Akim* to encourage local government bodies to work more independently with less dependence on the *Akim's* decisions as very significant and different to the practices under previous *Akims*. K10 added that the existing cultural approach of looking up to higher-level officials impeded the performance of local government requiring, the *Akim's* approval for decisions that could be made independently. Another structural challenge was that local government bodies in Astana worked incoherently, with disruption between planning and implementation (K10). Therefore, the *Akim* established 11 working groups with representatives of different local and central government bodies, and the private sector as well (K10, K11). Significantly, people who were not employed by the *Akim* presided over these groups. This was believed to result in the improvement of local government, bringing a collaborative approach into its execution. Astana's authorities decided to replicate the experience of London where obligations of local governmental bodies were distinct.

In economic development, K10 noted that for him, as a former minister of industry and new technologies it was important to use his work experience to increase Astana's innovation capacity. Astana had experienced substantial economic development and was an example for the rest of the country. Astana was already economically self-sustainable, with a budget surplus of 103 per cent (K11). However, Astana's economic growth based on the construction boom was not sustainable in the long run. Therefore, there was a need to transform the local economy toward innovation and more skill-based activities (K10). In this regard, Astana's authorities considered developing the potential of industrial parks further, along with the newly established centre of public-private partnership (K10, K11). The former were essential

platforms for generating modern technologies, whereas the latter could help to increase the involvement of the business community in the city's essential development projects. This, K10 believed, would further improve Astana's financial sustainability without relying on Republican financial aid. Beside this, Astana's authorities were keen on learning international experiences, particularly Dubai, with its use of innovative technologies, and Canadian cities of Toronto and Ottawa, which resemble the environmental conditions of Astana (K10, K11). The *Akim* also recognised the positive experience of the Soviet Union in developing mass sports facilities and re-established provisions of various sports tournaments in the city's courtyards.

In Almaty, the new *Akim*, Baibek, also decided to modernise conventional ways of government with the primary intent of increasing public involvement. K12 stated that the new *Akim* aimed to improve engagement with local citizens and make local government more approachable to the people. On this subject, the *Akim* established the program of development of Almaty by 2020 ensuring extensive involvement of the citizens in discussing the shape of the program. The *Akim* also introduced indicators of public accessibility of local government personnel. Besides this, a new public council composed of renowned members of the society was established. This council was to play an essential role in connecting local officials with the citizenry. Furthermore, the state procurement process for the NGO sector began being provided electronically ensuring transparency and competitiveness of the process. *Akim* Baibek also realised the need to bring a fresh vision to the *Raion* level of local government and therefore appointed a young individual educated in the West to the position of *Akim* of Medeu *Raion* of Almaty. This new *Raion Akim* also modernised the conventional way of governance execution according to K14. The *Akim* of the *Raion* was much more approachable to the public and had direct contact with citizens. Overall, the initiatives of the new *Akim* of Almaty made the local government officials more accessible to the population, which has helped create an atmosphere of listening to the needs and aspirations of its citizens. Moreover, similar to the case of Astana, the new authorities of Almaty also realised the need to use public-private partnership as a useful mechanism to improve local conditions, and this cooperation has already helped to build more than 50 nurseries.

In Shymkent, the new *Akim*, Abdrakhimov, also made practical steps to transform the conventional ways of local government execution. The main methods of this modernisation were to involve the public in shaping local government programs and use modern practices in providing public services (K15). In order to enhance service provision according to public

needs, the *Akim* established front offices of the *Akimat* based on the experience in England, and an Internet campaign called 'If I were the *Akim*'. This helped to evaluate people's views on the work done by the *Akim* intending incorporating ideas in local programs. Moreover, to eliminate corruption in providing social services, enrolment into state schools and nurseries was provided electronically through the one web platform. The *Akim* also increased the local tax base by improving cooperation with the private sector not only locally but also throughout the country. K15 argued that transformation brought by the Abdrakhimov was that the city's budget began to be implemented according to the people's need, whereas previously local law enforcement bodies such as the local prosecutor and financial control committee had enormous influence on the budget implementation and the local government's state procurements. However, this interruption into the established practices of corrupt local government performance logically caused hostility towards the *Akim*. Eventually, these law enforcement agencies fought back by initiating frequent inspections on the *Akim*'s work.

Nevertheless, K13 was pessimistic about the appointment of the new type of *Akims* with the perspective to modernise. First, only four regions experienced the appointment of this type of *Akims*. Secondly, in the system where the central government appoints *Akims*, and local government has no law-making powers, these new *Akims* would not be able to fundamentally change the conventional local government system.

The case of appointing new young *Akims* indicated that some differences are contrasting with conventional local government performance in Kazakhstan. The approaches to modernisation were somewhat similarly applied in all three cities analysed: Astana, Almaty and Shymkent. The transformation paradigm was based on increasing public engagement in decision-making, using modern electronic technologies, and enhancing public-private partnership. This was supposed to improve local government as an institution acting on people's aspirations. Besides this, there was a path to understand positive international experiences in delivering public services, which could also be accepted as an introduction of modern techniques in Kazakhstan. However, there was a view that these *Akims* could be of little help in changing local government performance. This argument might be viable by looking at the problem from the point of institutional and structural development. First, on the one hand, the actions of the new *Akims* might be regarded as just a populist approach. On the other hand, their powers being constrained by the vertical system of government leaves the *Akims* little place to initiate cardinal changes and therefore engagement with the people in the media and on the Internet was the only real difference with other old-school *Akims*. Second, the *Akims*, being

appointed by the central government, bear no practical accountability to the people, therefore possibly making their appeal to the people a wish to demonstrate their effective work to the central authorities. Third, again it might be part of the central government's political game that by creating seeming accountability to the people they reduce the social anger towards the absence of real democratisation at the local and central level of government.

Conclusion

To summarise, the findings indicate that there is a need to improve local governance, which is of vital importance to government overall. However, it can be seen that devolution of power to the local level could bring unexpected outcomes. This is explained by the recent past when due to the dissolution of the Soviet Union new independent Republics faced challenges of building new nation states. The period of the 1990s in Kazakhstan was a time of establishing new political institutions, which would be viable replacements for Soviet administration. In this regard, the interviewees admit that centralisation was necessary to establish order and functioning institutions at that time. This centralisation approach in Kazakhstan is significantly similar to the processes, which took place in Russia in the 1990s. In both countries, the interviewees believe that centralisation had been the only solution to unite the country in a time of regional segregation which had the potential to break up the territorial sovereignty of the nation-state.

Overall, there was a move toward centralisation in Kazakhstan, and some reforms to improve local governance. As we have seen the mechanisms were mainly introduced to enhance the powers of local representative institutions called *Maslikhats*. The history of *Maslikhat* dates back to the times of the Kazakh *Khanate* when it was an institution composed of representatives of different tribes and had the authority to approve the election of a *Khan*. Under Tsarist rule, this institution was abolished without providing any replacement institution. During Soviet times the Councils of People's deputies functioned as local representative bodies in all republics. With gaining independence in the 1990s, these Soviet councils were once again replaced by *Maslikhats*. *Maslikhats* are the only locally elected institution to represent people's aspirations in Kazakhstan at present. *Maslikhats* have the power to revise the decisions of local executives, approve local programs and the budget. Gradually, the powers of *Maslikhats* increased, for example, the power to approve or reject the appointment of *Oblast* and *Raions Akims*, and elect rural *Akims*. Together with this, the local government experienced power devolution on policing as well, making *Akims*

responsible for forming and managing the local police. Another democratisation attempt was the establishment of local public councils with representatives of the local society. In addition to *Maslikhats*, in terms of fiscal relations, village *Akims* now have the power to manage their income from transport tax, property tax and land tax. All of this can be viewed as a positive trend in Kazakhstan aimed at empowering local government.

Another encouraging transformation is the appointment of the new type of *Akims* who are young and Western-educated and wish to modernise the government mechanisms to make them more accountable and people-friendly. They want to improve public involvement and are keen on enhancing public-private partnership to help build locally essential infrastructural projects and socially essential institutions. Their work has led to an impetus toward adopting international practices in city development in Kazakhstan.

In general, these changes have brought an improvement in horizontal and vertical intergovernmental cooperation, especially with the establishment of different commissions to oversee the work being done. However, these practices and trends in local governance have other implications as well. The encouraging reforms on empowering *Maslikhats* in practice have become a political facade for democratisation of local governance. As discussed above, in reality, *Maslikhats* are controlled and suppressed both by *Akims* and the President. *Oblast* and *Raion Akims* have enormous influence on elections of *Maslikhats* and its everyday performance, together with forcing *Maslikhats* to elect friendly candidates as rural *Akims*. Furthermore, the right to reject the President's proposition to appoint the *Akim* has barely been implemented. This corresponds with Moscow practices where local executives interfere in local elections. In Moscow, municipal councils are also believed to play a minor role but are examples of local self-governance. However, the difference is that in Moscow municipal councils legislatively have little power, whereas legally prescribed powers of the *Maslikhats* are hampered by implicit actions of the executive branch in Kazakhstan. Moreover, both in Russia and Kazakhstan the executives possess overwhelming power over other branches of power.

Returning to the case of new Western-educated *Akims*, the main modification is involving the local public in policymaking which has been profoundly based on using social networks and web technologies, which has positive and negative results. The role of these *Akims* to enhance public-private partnership and using international experience is a routine part of any local authority worldwide and so brings it into question. In the case of England for example, the use

of modern technologies is taken for granted and not considered as a revolutionary approach to improving public engagement. In Greece, likewise engagement with people is done via using different tools, and the focus is preferably put on using legislatively arranged local public councils as a viable platform for public discussion of local policy implementation. Whereas in Kazakhstan recently established local public councils, on the one hand, have little democratic capacity – being formed by local interior departments – and on the other have become another political instrument to override *Maslikhats*, which they are now obliged to consult. One might also argue that the programs of these *Akims* have a superficial or populist appeal as opposed to making any real changes.

However, it is also important to note that these new *Akims* acting in institutional and on political platforms set by the central government have little chance to implement independent policies and initiate structural modifications. Local government in Kazakhstan is different to other countries. In Kazakhstan, *Akims* are appointed by the President and are agents of the central authorities at the local level. Therefore, any actions of *Akims* to improve local governance could be understood as aiming to impress central authorities and not the local citizenry. This creates biases in the governing system when people consider positive improvements as *Akims*' achievements, whereas failure is ascribed to the central government. In England, the situation is different to Kazakhstan where local officials bear public responsibility for failure in service provision, but efficient policy implementation is regarded as the efforts of the central government. This could be explained by the fact that in England, Greece, and Russia people directly elect local government and therefore local officials have the political mandate to perform on behalf of the people. In Armenia, provincial governors are appointed by the central government, but the local government is elected by the people, including the recent introduction of the elections of mayors of cities of Yerevan and Gyumri by their relevant municipal councils.

Overall, it can be stated that there is a discrepancy in understanding decentralisation as is evidenced by the interviews in Kazakhstan. On the one hand, the interviewees are aware that local government is, in principle, more capable of delivering services much more effectively due to better knowledge of local issues and therefore should be given fiscal and policy powers to undertake those responsibilities. On the other hand, there is a presumption that governance in Kazakhstan has not reached its institutional capacity that is sufficient to experience modification towards enhancing powers of the local government institutions. Therefore, the respondents, while supportive of devolution of powers, at the same time suggested a cautious

approach on decentralisation. In other words, the respondents admire decentralisation policies in theory, however, they are less confident that decentralisation in Kazakhstan can be implemented all at once.

On this subject, several issues are highlighted as the main impediments to decentralisation in Kazakhstan. Kazakhstan is tribally separated into *Ru* and *Juz*, and this division is reflected in the government both at central and local level. This is seen in the appointment of government officials and providing financial aid to local authorities. Therefore, the main obstacle towards prescribing establishment of elections of local executives is elections based on tribal loyalties as opposed to meritocracy. Fiscal decentralisation, in turn, is challenged by the uneven economic capacity of different regions. There is already a conflict between mineral-resource-rich regions which are donors to the Republican budget and the ones who are recipients of central government financial aid based on the central fiscal redistribution mechanism being unfairly applied. This is the foundation for further arguing that devolving fiscal powers would hamper economically unsustainable regions and open up separatist tendencies in rich *Oblasts*. Similar concerns regarding enhancing fiscal powers at the very low level of villages, where fiscal devolution is necessary to improve local conditions but practically inapplicable due to insufficient numbers of private enterprises that would contribute with taxes to the local budget.

Ultimately, the argument of power devolution and improving local governance is based on the process of service delivery but fails to take into account the fundamental issues of structural and institutional capacity. Here, one of the main concerns is the quality of civil servants and public officials. The low capacity of local government officials is not only in Kazakhstan but also highlighted by the respondents in Greece, England, and Armenia. Its reasons are also similar, mainly being driven by comparatively low wages at the local level. However, the Kazakhstani case is remarkable because there is a criticism of the civil service system overall as well. Both central and local level officials bear little expertise, with the former having no knowledge of local issues and the latter providing false data on local performance. This is assumed to have various causes but overall is a result of the chaotic system of civil service bearing few principles of meritocracy. This gives rise to the idea that Soviet practices were more effective with bottom-up promotion in civil service, and precise controlling mechanisms both at the central and local levels. These notional tendencies are similar to the advantages cited in the Russian case and contrary to Armenia where it is assumed that the Soviet heritage is an obstacle for the required modernisation. This implies again that in theory,

decentralisation is understood as essential to improving local performance, but its implementation in real terms is difficult. Therefore, the understanding of required improvement is considered as a need to transform the specific mentality of people who generally tend to rely heavily on the role of the central government with little aspiration to be involved in the decision-making process, which is also the case in Armenia and Russia. However, it is in contrast to the cases of England and Greece where local officials are more concerned with institutional and structural conditions of governance.

Local governance development in Kazakhstan has specific aspects but also bears similarities to foreign practices. For instance, the reluctance of administrative apparatus in Greece to implement decisions taken by political actors on power devolution is likewise seen in Kazakhstan. The degree of decentralisation reforms in these two states is incomparable, but the overall cautious approach towards decentralisation and mismatched political rhetoric has parallels. Nevertheless, it is also important to note that a mismatch in political rhetoric and practical implementation of decentralisation policies can be seen in all five countries studied. Russia is a federal state prescribing substantial regional autonomy, but in practice, the federal authorities often manually regulate central-local government relations. In Greece, although the central government implemented reforms on devolving substantial powers to the local level, the bodies of the central government such as Decentralised Administration Authorities have power over strategic services and oversee local performance. In England, the devolution process in practice is seen as a delegation of responsibilities where devolved powers are implemented according to the central government's priorities. In Armenia, the devolved local powers are controlled by a party mechanism where the ruling party is present at all levels of government. This suggests that although these countries differ in institutional constructions and levels of political participation, the central governments are similarly cautious towards decentralisation policies, accepting them as a political challenge.

Returning to the specific case of Kazakhstan, two main issues are hampering local government development in Kazakhstan. First, the vertical system of government entails centralisation of decision-making and fiscal arrangements, eventually causing lack of initiative for development projects and policies at the local level. Besides this, the suppressing of local initiative is not only seen in central-local government relations but within local government levels which eventually affects overall performance and impedes effective service delivery in government. Misrepresentation of achievements and targets are seen in dealings of regional authorities with the central government, and also at village and *Raion*

levels which repeat this process while dealing with *Oblast* authorities. This is a clear sign that besides problems in establishing checks and balances at the local level the system of government does not work effectively within the executive branch of power itself. However, without improving the system of power redistribution between the representative and executive branches at the local level, it is practically impossible to achieve effective functioning of the government, which directly correlates with improvement in service delivery. Public governance is a complex system where the performance of the executives at the central and local levels is intrinsically interrelated to all levels of the government: central and local. It might be inappropriate to believe that developing the executive branch of power would result in overall efficiency.

Therefore, the second challenge which derives from the first is the combination of inherited practices of directive government in the Soviet Union with the institutional construction based on the Western type of Madisonian model of checks and balances. This helps to understand why Kazakhstani authorities want to maintain centralised power with a strong executive but have also introduced (cosmetic) democratisation reforms. It might also suggest that there is still a political presumption that the government can effectively function under the supervision of the executive, whereas decentralisation and democratisation reforms are implemented in response to international pressure. It has already been seen that Kazakhstan implemented many suggestions based on reports from international organisations. However, when Kazakhstan replicates Western experiences, it comes in direct opposition with its institutional framework which is still based around the Soviet directive management system and planned economy. This also explains why Kazakhstan bears many of the abovementioned impediments to effective decentralisation highlighted in the empirical and theoretical literature.

In conclusion, it is important to repeat that although all five studied states have some similarities in implementing decentralisation reforms and local government execution, local governance development in these countries is based on their specific historical development. In addition, there are many other factors such as geographical, ethnic, social, and economic which have severe implications for the form and delivery of decentralisation policies. The decentralisation policies exercised in one particular country cannot be fully replicated in another. Therefore, for the analysis of foreign experience and its empirical viability, it is of fundamental importance to include specifics of domestic development both of an institutional

nature and efficient governance.

9. The trajectories of assessing improvement in local government in Kazakhstan

As was seen in chapter 7, good governance and effective service delivery are on the agenda of a great many countries, both developed and developing. In particular, developing countries, in their search for political and economic development are considering international advice and are keenly looking for examples of best practice across the globe. With the collapse of the Soviet Union, all the former Soviet republics found themselves in a position where they needed to re-evaluate their governance models in line with international standards. The latter was, and still is exceptionally relevant for Kazakhstan, for the country exemplifies a strong aspiration to join the community of advanced economies and democracies (chapters 5 and 8). Its geopolitical reality, however, dictates following the development trends of the EAEU and China. Kazakhstan, therefore, needs to find a balance between aims of modernisation based on models of western democracies and its immediate priorities in the Eurasian space. Thus, while seeking viable international examples to be adapted in its own system, on the one hand for Kazakhstan it is fundamentally important to focus on its own development trajectories with inevitable reconsideration of historical narrative of governance, while on the other hand it needs to take into consideration the national peculiarities of development.

While as mentioned in chapter 2, the history of the Kazakh people and their statehood dates back to the 15th century when the first Kazakh *Khanate* was established, today Kazakhstan finds itself locating itself in the global community after gaining independence from the Soviet Union. As a developing country Kazakhstan is being asked to show economic and political transformation in line with international and global standards. As discussed in chapter 5, with the collapse of the Soviet Union Kazakh authorities tried to create a new viable government model that would help to build a self-sustainable state. The newly independent Republic of Kazakhstan faced considerable challenges in establishing its government system with political and social institutions that would differ to those of their Soviet experience, and had to perform effectively in the unfamiliar environment of a free market economy. This provoked political struggle between the then Supreme Soviet of the Republic and the President. Subsequently, the bicameral Parliament and Supreme Court were established. However, the Republic has become of super presidential formation, eventually giving way to over-centralisation accompanied by the overwhelming role of the executive power. The political credo of the authorities was to build a productive economy under strong leadership, whereas political reforms would come after the country was prospering economically. There were some attempts to democratise the government by enhancing the role of the bodies of the

representative power such as Parliament and *Maslikhats*.

As mentioned in chapter 1, Kazakhstan is a territorially large state with a small population. Moreover, Kazakhstan's regions are diverse in their social and geographical composition and economic advancements. This, together with an undeveloped infrastructure, requires developed local government institutions that can ensure efficient service provision according to local specificities. Therefore, there is a necessity to implement reforms that would improve both the performance of the central government and local government.

The findings indicate (chapter 8) that local practitioners in Kazakhstan envisage those reforms differently. Most of them are aware that government mechanism overall in Kazakhstan needs to be transformed in a way that would ensure the effective functioning of local authorities according to local development specifics and people's aspirations. For these reasons, there is a need to enhance the expertise of civil servants both at the central and local level, people's participation in decision-making and self-governing processes, and use of modern electronic technologies in service delivery that would minimise the human factor and therefore corruption. It is also believed that improvement in local conditions requires further empowering local authorities that are better aware of local issues and therefore more capable of providing effective governance. However, some challenges are assumed to be an impediment for devolution of power to local level such as tribal segregation of Kazakhs and differing economic capacities of regions. While tribal preferences might undermine introduction of direct elections of local executives, differences in regional wealth could make devolution of fiscal powers irrelevant.

Moreover, both of those factors are already accepted as a threat to the country's integrity and might intensify with decentralisation implementation. This illustrates how strongly the historical narrative of government development depicted in chapter 2 is correlated to concurrent development trajectories in Kazakhstan. It is a fact that tribal division dates back to Kazakh *Khanate* times when the whole state was a sort of union of different tribes, and a tribal division was an important factor of political and administrative-territorial formation of the state. Tsarist Russia also used tribal aspects in institutional and administrative reforms, and divided Kazakh territory between Senior, Middle and Junior *Juzes*. The Russian period is significant, with the provision of first administrative and institutional reforms to the traditional nomadic society of the Kazakhs, which brought clear administrative territorial boundaries and bureaucratic system with established power arrangements. Nevertheless, this

period also featured uneven development of Kazakh regions, which were divided between different governor-generalships in the Russian Empire and the subsequent establishment of varying governance structures.

While in Soviet Kazakhstan, the model of government at all levels had a single-structure since all republics of the Union were administered as one unit. This was accompanied by the overwhelming role of the Communist Party, whose power in practice superseded other government institutions, meaning any checks and balances system between power branches was merely superficial. There was a similar situation at the local level, where the party controlled both the executive and the representatives. However, this party system with its strong vertical subordination also created a unique scrutiny mechanism whereby local party committees became effective watchdogs over local government bosses.

As mentioned in chapters 2 and 8, both the Russian Tsarist and Soviet experience have left an indelible mark on the political psyche of the newly independent Kazakhstan. The political system in Kazakhstan in 1991 was inherited from the Soviet Union. However over the years after independence Kazakhstan has instituted changes like giving more powers to the *Majlis* and *Maslikhats* to expand political participation. Research findings suggest that in Kazakhstan there is a definite understanding that reforms leading to improvement in local government performance and the overall democratisation of local governance are essential to further development of the country overall. As mentioned in chapter 5, Kazakhstan since its independence has aspired to enter the international community of developed and democratic countries and implemented various reforms. However, the transition from the Soviet socialist state with a planned economy and the overwhelming role of the government, to a society based on democratic principles has created specific development nuances. The institutional reforms in Kazakhstan replicated institutional and government structures of developed democracies, but the practical execution of governance have instead resembled directive management of the Soviet past. This eclecticism of two different ideas of development persists in modern-day Kazakhstan (chapter 8). Kazakhstan, on the one hand, is willing to implement decentralisation, democratisation and other policies ensuring transparent and effective government performance according to people's needs and local priorities. However, it also reverts back to more established principles of management of the Soviet past which tend towards over-centralisation. This can be explained by noting that Kazakhstan is still in the transitional process from a post-Soviet state to a modern democracy, which is similarly seen in Russia and Armenia as discussed in chapter 7. They also experience over-

centralisation and consequently have a weak system of checks and balances. Another common challenge is that people in these countries still by and large bear the Soviet philosophical paradigm of collective responsibility where the state is responsible for coordinating almost all public and private affairs. This reflects little will among the people to participate in decision-making processes, self-governing mechanisms, and public scrutiny procedures over power holders. The ways and means of local self-government in the Soviet Union looked different from the Western models of political participation which nonetheless have to be considered in Kazakhstan. Local practitioners in Kazakhstan, Russia and Armenia referred to the heritage of their Soviet past and institutions along with still older historical traditions in their descriptions of political participation and decentralisation reforms which have had most impact.

In comparison, the cases of Greece and England indicate differing practices of central-local government relations. As mentioned in chapter 6, the reason to include these countries was to compare with well-developed democracies in the EU, which like the EAEU is the foremost example of best practice in governance. They have had a stable tradition of checks and balances and are examples of high levels of local self-government. Besides this, in both countries, there is adequate public scrutiny over local authorities. Thus Greece and England meet preconditions needed for effective implementation of decentralisation reforms discussed by experts in chapter 3 (Charbit, 2006), (Bahl & Martinez-Vazquez, 2013).

However, as the findings indicate in chapter 7, the democratic system is not a panacea for effective public service delivery, and they face challenges as well. For example, in England, local government has been developed through the ages and has maintained its structures till today. There are many small and independent local councils which have territorial and operational boundaries which are influenced by a historical narrative of development rather than for maximum efficiency. These local councils sometimes provide different services in one particular area confusing the public. In this regard, the current policy of the central government in England is towards the creation of larger regional authorities that would be more effective in providing infrastructure projects and strategic services of a broader scope. The critical point is that while in Armenia, Russia and Kazakhstan, local development is hampered because of over-centralisation, England's example indicates that over decentralisation at the local level and lack of joint authority could also be a disparaging factor for adequate service provision.

Moreover, as discussed in chapters 7 and 8, while in Kazakhstan, Russia, and Armenia, an undeveloped party system leads to excessive power in the hands of the prevailing ruling party or the central government over other political institutions, the developed party system in England also bears similar characteristics in service provision, as indicated by local practitioners, being over politicised with local government officials prioritising party interests over that of citizens. In Greece, the elective system allows the mayors to employ only people elected with them to important political positions which is also seen as inefficient. This indicated that no one system is more effective than another. As mentioned in chapter 4, this research does not aim to make a direct policy recommendation. The research findings confirm that any system of local government needs constant revision to reflect changes in socio-economic conditions. Domestic conditions of development mean that experience of local government development in one country cannot be fully applied in another country. In other words, prescriptive advice from international bodies cannot be applied without taking local conditions and structures into account.

Nevertheless, there are similar challenges for the effective performance of local government in general as showcased in the case studies in chapter 7. For example, the low expertise of personnel and the inadequacy of fiscal resources were cited by local practitioners across the board as issues which lead to inefficient governance. The mismatch between the declared decentralisation policies of the central government and actual devolution of powers is also commonly seen. This demonstrates that central governments are naturally unwilling to lose their powers, and decentralisation is not a one-time policy but rather a constant process requiring reconsideration of central-local government relations as per actual needs. Thus any country at some point would use both centralisation and decentralisation policies regarding its national and local development priorities.

Local government development accompanied by decentralisation policies is a process that is influenced by domestic conditions of development where historical, geographical and ethno-cultural factors play a significant role. The differing development levels of localities even within a single country dictate that decentralisation policies should be implemented taking into account local specifics. As shown in chapter 7, through the selection of specific cities in the four case studies there are regional differences within each country as well. For example, the structures of local government in Moscow are not the same as those in the rest of Russia,

whereas Yerevan (Armenia) is a pilot city where the city municipal council elects the mayor. Crete set agriculture and tourism as its development priorities in discussion with the people, while Cambridge, being an economically prosperous region, has become one of the areas where the unitary authority of a more regional scope was established. Similarly, in Kazakhstan, *Oblasts* vary in their geographical conditions and economic development. Although general challenges of local government development might be similar in different countries, the development narrative of localities is highly specific, meaning those seemingly minor development details must be included in the process of analysing the applicability of foreign experience of local government development.

For Kazakhstan, which as mentioned in chapters 5 and 8 is in the process of finding the right balance of its government system between domestic traditions of development and global best practices, it is essential to realise these implementation challenges in the processes of modernisation and reformation. The new economic opportunities for Kazakhstan regarded in the further development of the EAEU, 'One Belt, One Road' initiated by China, together WTO membership bring considerable challenges for Kazakhstan. Therefore, for Kazakhstan, the issue of local government development is not only about finding the most applicable foreign experience, but rather building a system of government that is flexible and can transform and modernise in its path towards development.

For this purpose, as stated in chapter 5, based on the findings I suggest analysing local governance development in Kazakhstan by using structural simulations. These simulations are not a panacea for assessing decentralisation, but rather another attempt to shed light on the effects of decentralisation and the implications of its implementation. These simulations do not take institutional and social factors for granted as other research does (chapter 3). A researcher can convert suggestions and views of respondents on further development of local governance in Kazakhstan into structures, and benchmark them against countries' institutional constructions and theoretical frameworks in the field of local government development. I address these structures to draw a holistic picture of possible strengths and weaknesses of development of local governance in Kazakhstan. It can also assist in creating an analytical model which adapts to local, national and international change, with fewer disruptions, and in the process privileges local stakeholders' needs.

In this research, attempts at structural simulations are presented in the form of organisational flowcharts of governance (pages 174-179). These flowcharts helped to simulate power flow in

the selected countries using both the institutional frameworks of government and practical governance arrangements highlighted by the local practitioners who were interviewed. In other words, the flowcharts assisted, on the one hand, in benchmarking the legal framework of government to governance procedures in practice, and on the other, measured how much this formal construction is validated in actual governance. Besides this, the flowcharts simplify the process of analysing structural contrasts between different government models.

For example, the organisational flowcharts of public administration in Kazakh Soviet Socialist Republic and the Republic of Kazakhstan help to compare and contrast differences. The analysis of these two flowcharts clearly shows that although in modern Kazakhstan the names of the government institutions have been changed, the way the government is organised is similar to Soviet times in many respects. In modern Kazakhstan, the President overrides powers of the Prime Minister and the Parliament just as the Communist Party did in Soviet Kazakhstan. Also, Kazakhstani local government has inherited similar divisions into *Oblast*, city (town) and *Raion*.

Moreover, the flowcharts indicate that although institutional structures in Russia and Kazakhstan are different, the flow of power between government branches in practice bear significant similarities. For instance, both in Russia and Kazakhstan the government is top-down where the institution of the President has a predominant overarching role over all other branches of power. Moreover, the representative institutions both at central and local levels, while they have independent functions in practice, execute only limited powers. While both Russian and Kazakh Prime Ministers and regional governors have wide-ranging functions, their actual policy-making authority is very limited. Finally, in both countries, the lower levels of local government (Prefects, *Upravas*; *Raion* and rural *Akims* respectively in Russia and Kazakhstan) are subject to strict vertical subordination, which allows them little opportunity to implement independent policies. This is a good example of how the organisational flowcharts help to depict formal constructions of government in contrast to real governance practices in an efficient and straightforward way, which in turn also simplifies the process of depicting comparisons and differences between dissimilar government models. Moreover, as mentioned above, a researcher could further develop the proposed method of structural simulations by using quantitative methods of analysis and specific electronic evaluation appliances.

Diagram 2

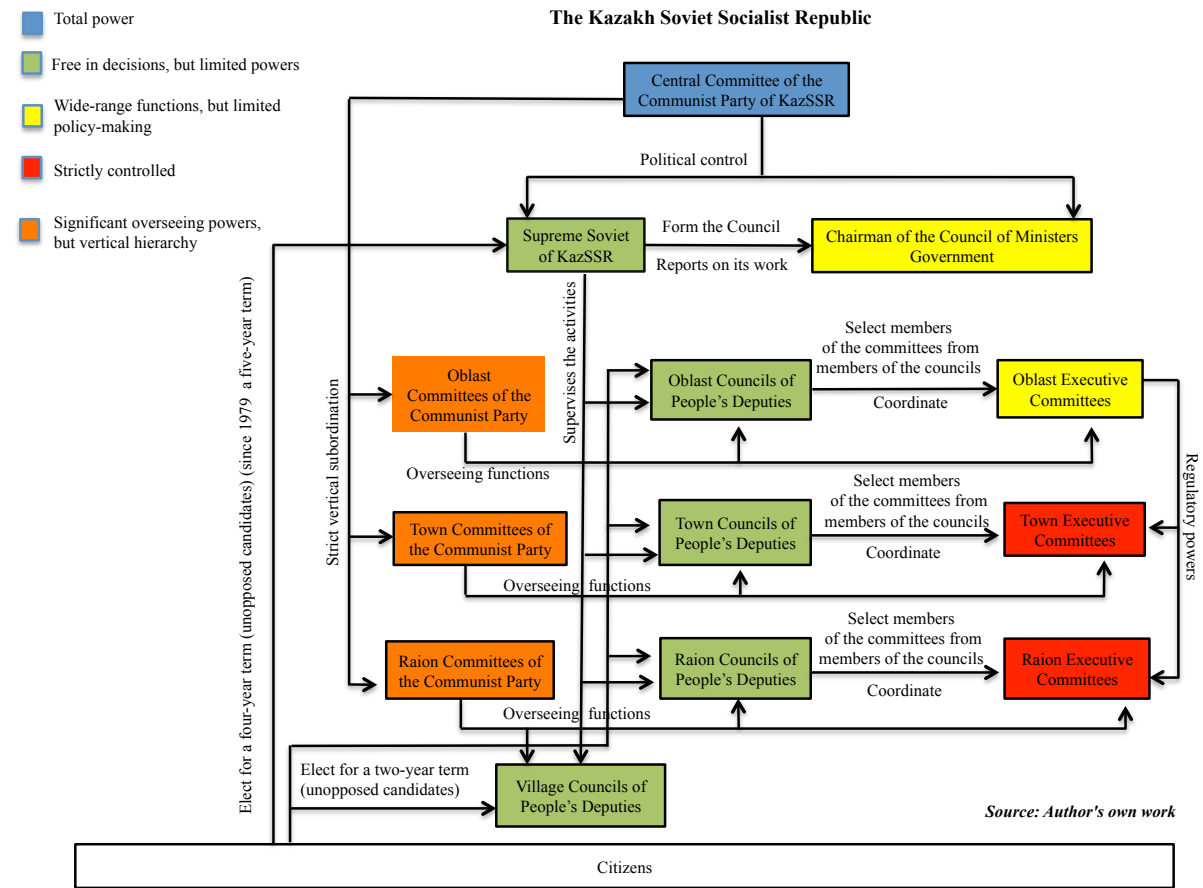


Diagram 3

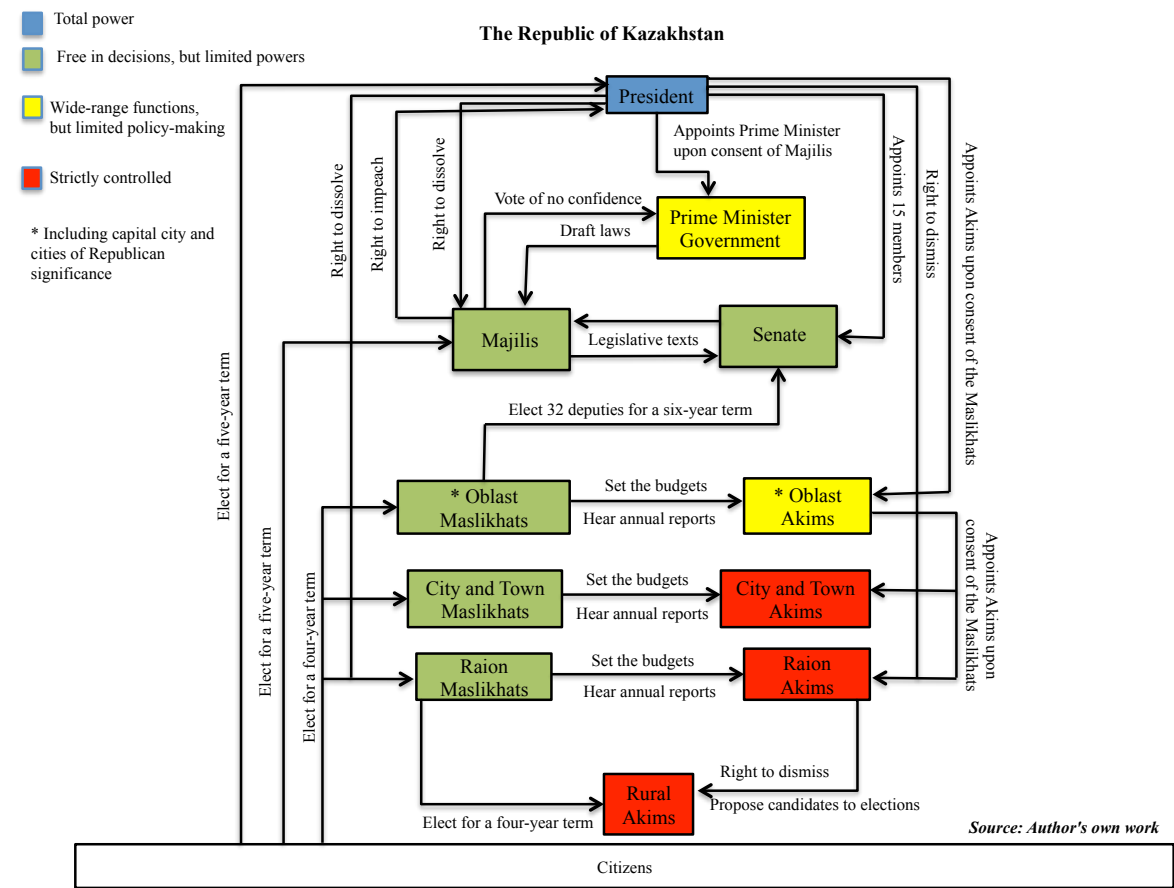


Diagram 4

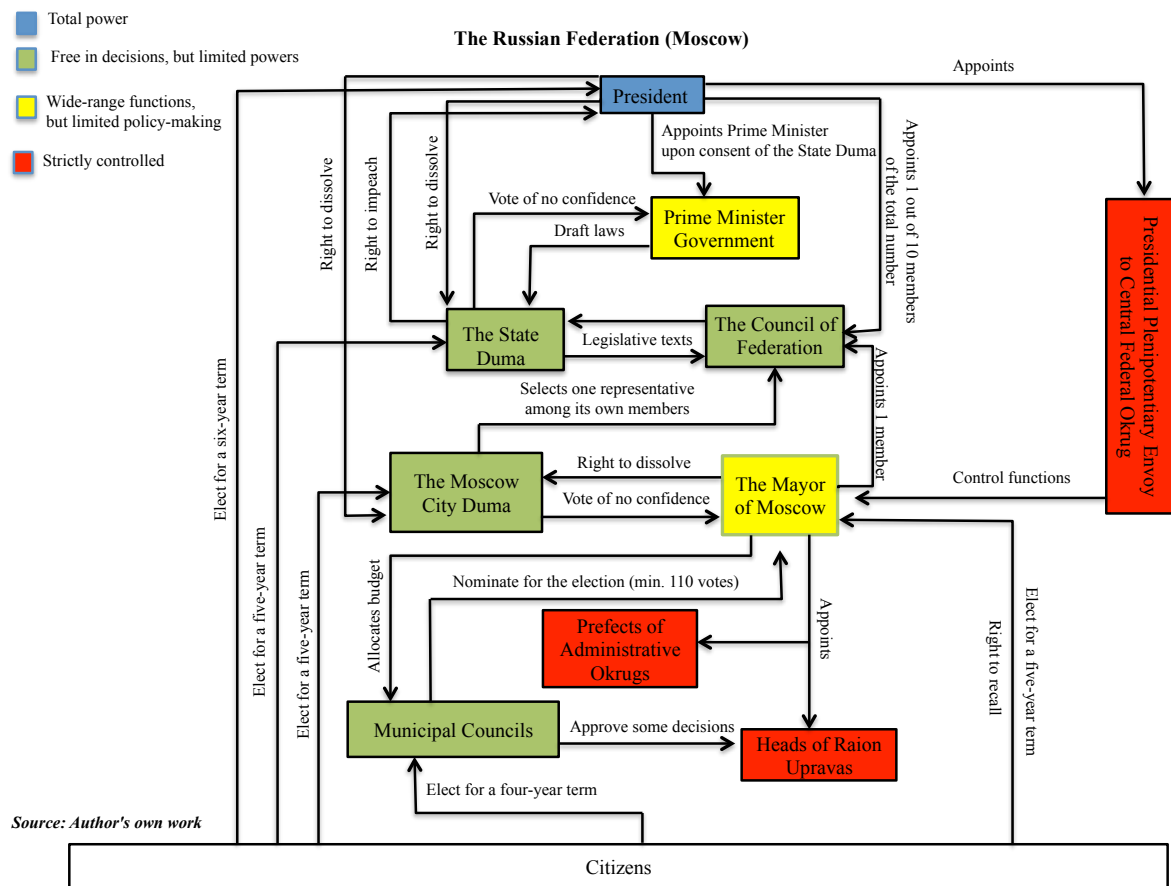


Diagram 5

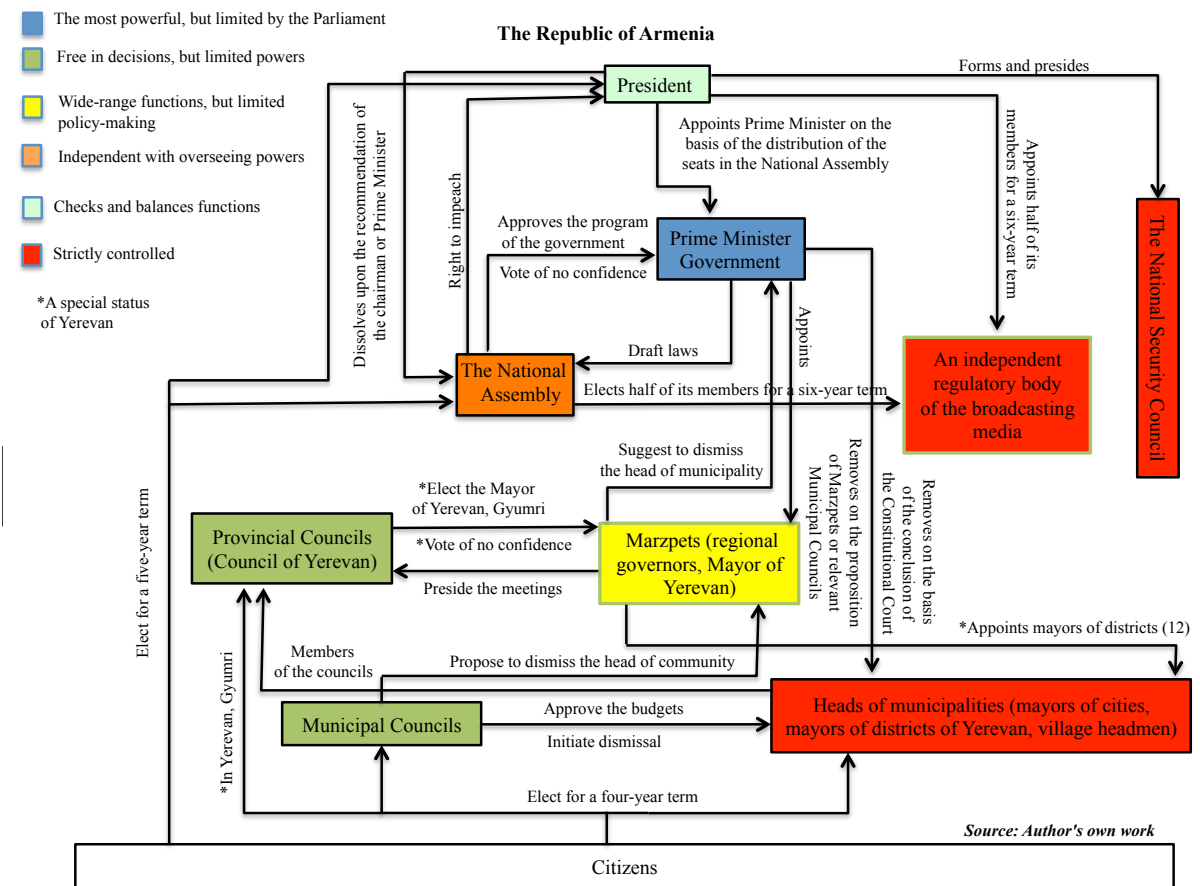


Diagram 6

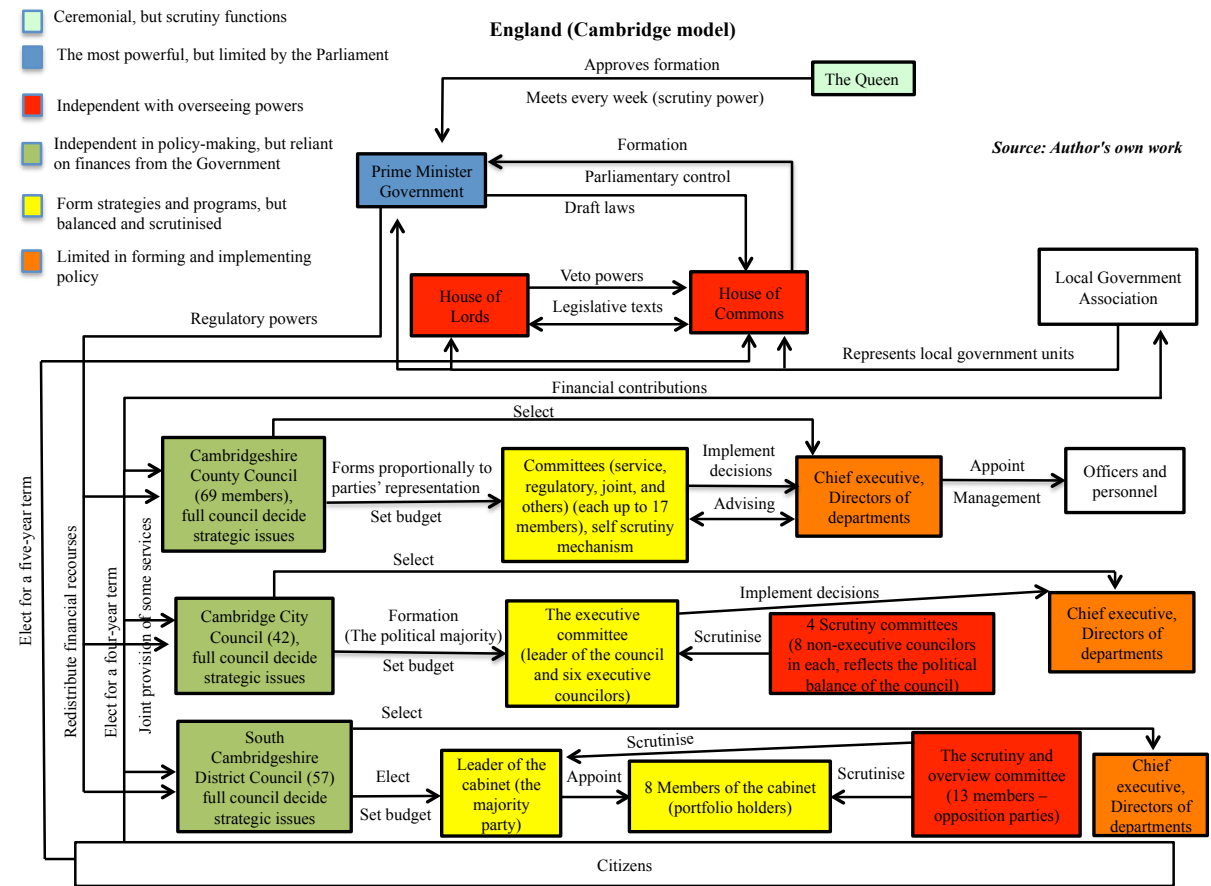
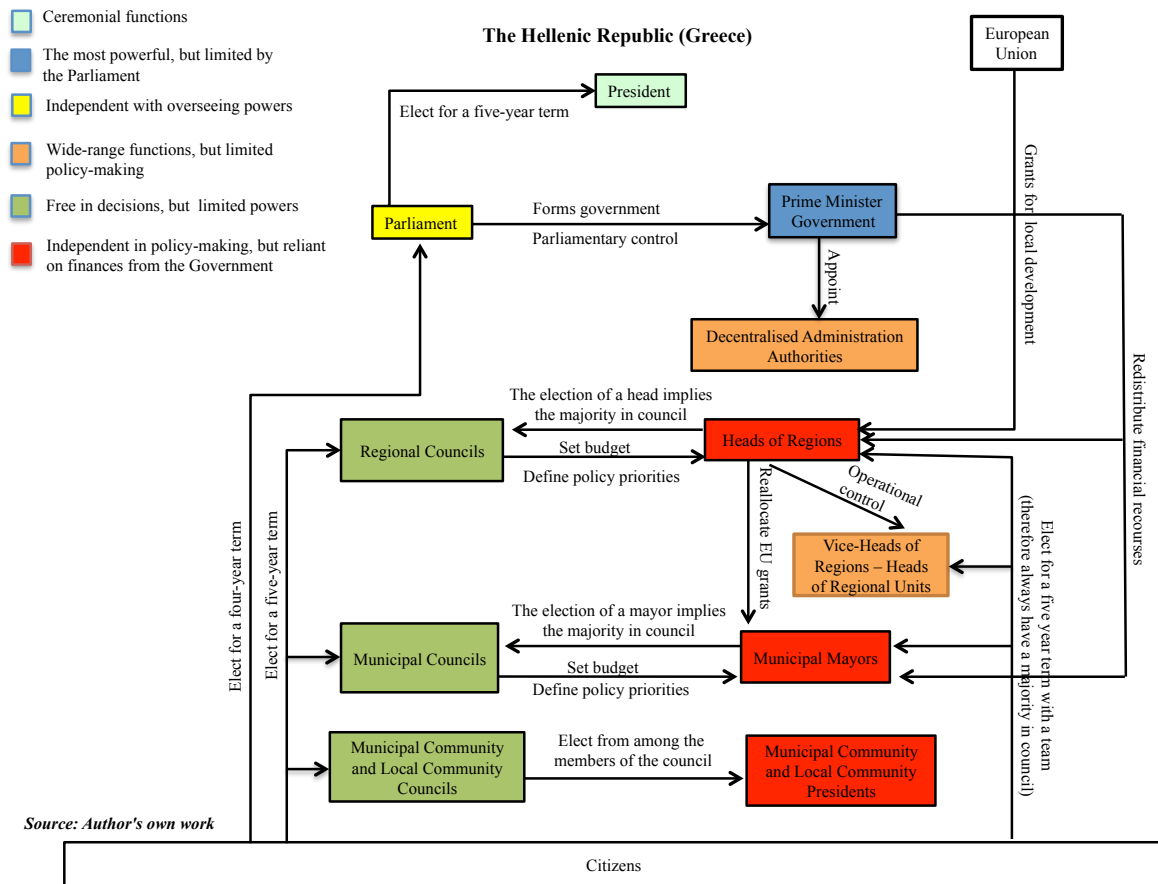


Diagram 7



Public governance is a complex mechanism which involves various units of the government and their interaction with each other as well as with the population. Every country tries to find a natural balance between national priorities, local development prerogatives and the needs of the society. The research findings depicted in chapters 7 and 8 showcase that states fulfil these needs through a constant process of centralisation and decentralisation policies. This suggests that central-local government relations are continuously being renegotiated and that one model or type does not fit all, either government or state. In other words, there are a number of aspects which inform the political models of a country and any development model must reflect the specific experience of that country. It is important to note that national characteristics dictate development reforms and that there is no one answer to good governance. Therefore, it can be stated that the analysis of development of local governance has to include both the international practice and domestic features of development. In this context the study has gone to some lengths to show the case of Kazakhstan and compare it with established democratic governments like the UK and Greece, and with post-Soviet Russia and Armenia to show the myriad possibilities of how reforms unfold. To summarise,

this study does not offer best case scenarios but rather plots the different outcomes of similar reforms in different governance models.

Appendix 1

The following is the list of recent changes in the studied countries, which are not considered in this research:

1. In the period from 2018 to 2020, the *Akims* of villages, townships, rural districts, and towns of *Raion* significance will have individual budgets. Retrieved on 27.06.18 from <https://regnum.ru/news/2269471.html> http://adilet.zan.kz/rus/docs/K080000095_
2. The *Majilis* of the Parliament of Kazakhstan passed the amendments to the law of the Republic of Kazakhstan “On Elections”. These amendments prescribe the introduction of direct elections of *Akims* of villages, townships, rural districts, and towns of *Raion* significance. Only political parties will have a right to select candidates to these elections. Moreover, the amendments introduce proportional representation elections to *Maslikhats* meaning that people will vote only for political parties. Retrieved on 27.06.18 from <https://www.nur.kz/1733308-selskih-akimov-budet-izbirat-naselenie.html>
https://total.kz/ru/news/obshchestvo_sobitiya/v_kazahstane_maslihati_budut_izbiratsya_po_partiinim_spiskam_date_2018_05_23_11_51_47
3. The City of Shymkent that used to be the administrative centre of South Kazakhstan *Oblast* has become a city of republican significance. South Kazakhstan *Oblast* was renamed to Turkestan *Oblast*, and its new regional centre is the city of Turkestan. Thus, in Kazakhstan, there are now 17 regions – 14 *Oblasts* and three cities of republican significance. Retrieved on 27.06.18 from https://tengrinews.kz/kazakhstan_news/v-kazahstane-poyavilas-turkestanskaya-oblast-346961/
4. As a result of ‘Velvet Revolution’ in Armenia, Serzh Sargsyan, who was a president of Armenia from 2008 to 2018, and a Prime Minister in the newly arranged parliamentary construction of the country, resigned. Nikol Pashinyan, the leader of the protest movements, has been elected as the new Prime Minister of Armenia. Retrieved on 27.06.18 from <https://www.bbc.co.uk/news/world-europe-43948181>.

Appendix 2

International institutions' development expertise in decentralisation

№	Authors	Arguments
1.	Ahmad, Brosio, & Tanzi (2008)	The authors contend that decentralisation is often considered to be driven mostly by efficiency interests. However, the authors have identified that in many countries decentralisation was initiated due to political reasons. Moreover, in some developing countries growth rates have declined when decentralisation reforms have been implemented, and this pattern has even increased with the further development of these countries, concluding that decentralisation is mostly a political issue, whereas the evidence of its efficiency and impact on growth is tenuous.
2.	Ahmad, Devarajan, Khemani, & Shah (2005)	This study argues that broadening the powers of local governments can enhance service delivery for several reasons. First, local governments are better informed about the situation on the ground. Second, if local authorities are accountable to the people they are more motivated to improve public services. The authors give examples of cases when one part of the decentralisation reforms was implemented, leaving out some of the steps that would have made them efficient, such as the establishment of local authority elections, without the provision of fiscal powers; or devolving power on expenditure without administrative decentralisation. The authors, therefore, state that the decentralisation process needs sequencing and completeness. Moreover, it is argued that the reluctance of central-level managers to lose their authority can be an impediment to the devolution of functions to the local level.

3.	Bahl & Martinez-Vazquez (2013)	<p>This study deals with the need of sequencing the fiscal decentralisation process, proposing that there are prerequisites for decentralisation, defined as a developed judicial system, systematic fiscal regulations, and de-concentration of central government functions. According to the authors, it is crucial to implement fiscal decentralisation in a particular order, because not following sequencing instructions has often led to negative results or even failure. They think that decentralisation should take place in six stages: state-wide discussion of reforms; the project of reform; drafting and passing a law; selection of rules to concretise the decentralisation procedures required by law; implementation of the reforms; establishment of a practical scheme for controlling and evaluating the implementation of decentralisation by the central as well as local authorities. The study further points out that decentralisation reforms without the election of local governments have less effect since centrally-appointed local executives do not tend to respond to the needs of local citizens. However, even in fully democratic systems, there can be situations when local governments are formed only by members of the ruling party and are therefore strongly influenced by the decisions of this party. The study also raises the issue of lack of expertise on the part of local governments – a common problem in many countries.</p>
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4.	Charbit (2006)	<p>In the author's view decentralisation is often motivated by political reasons and not by efficiency and economic concerns. Charbit describes the healthy aspects of decentralisation as follows: "a healthy process of competition" (p. 6) between local governments, which results in service delivery; development of the best policy practices due to the use of a range of different methods by the regions; service delivery oriented to local needs, based on awareness of the problems and needs of the region. For Charbit the limitations of decentralisation are the rivalry between regions in the redistribution of social services, greater difficulty in sustaining vertical accountability, a fiscal policy, and equalisation of regions. She sees the need to increase the number of civil servants, giving the expansion of public administration levels as another result of decentralisation. Moreover, Charbit stresses the need for sequencing the decentralisation procedure: the functions of local governments should first be clarified, and after that fiscal powers should be delegated. Charbit adds that there are prerequisites for decentralisation, defining these as a "strong local democracy" (p. 5), people's participation in local policymaking, and active local media.</p>
5.	OECD (2004)	<p>Firstly, this study suggests that the commitment of governments to decentralisation should be adequately considered. There are many examples which show that lack of commitment on the part of the governments was a significant obstacle to positive results. Secondly, the study points out planning as an essential part of implementing reforms, suggesting that donors and partner governments should review all the obstacles and difficulties in implementing reforms beforehand. Thirdly, the study stresses the importance of involving NGOs in the process of implementing reforms of local government because local governments often do not represent the interests of the poor. Finally, the study highlights that in some cases decentralisation can lead to a struggle between national and local authorities.</p>

6.	Yilmaz, Beris, & Serrano-Berthet (2008)	According to this study, decentralisation produces a better environment for the accountability of local authorities from both the bottom (people) and the top (central government). Furthermore, the authors contend that in practice due to the inconsistency of implementation and a policy being shaped only by one side (citizens or central government) does not always bring positive results. It should be elaborated to reflect the interests of both. The authors argue (quoting Lankina, 2008) that if there is less rivalry in the local elections, this can strengthen the power of one politically influential person, whereas competitiveness in elections can guarantee representation of vulnerable units of society. Additionally (quoting Lankina, 2008), the authors contend that elected local officials who belong to a particular political party can serve the interests of a particular group of society or (quoting Ahmad et al., 2005) the vested interests of the party rather than the entire community.
7.	ADB (2003)	The report points out that in Kazakhstan public services provided by local government bodies and local offices of the central government are often duplicated, and this weakens the accountability of the government and the value of public services. The report highlights the imbalances of expenditure on social services – education and health care among regions.

8.	Makhmutova (2006)	<p>Makhmutova argues that regarding the interrelation between the republican and local budgets, the budget system in Kazakhstan works ineffectively, pointing out that redistribution of incomes is carried out by the central authorities. She gives examples that in 2005 only 3 of 15 <i>Oblasts</i> could cover their expenditures without being subsidised by the Republican budget, and argues that funding of the social services is not systematised among regions, and therefore the cost for one patient or one student can vary between <i>Oblasts</i>. In Makhmutova's opinion, there is a very centralised system of public administration in Kazakhstan, with local authorities being appointed by the centre and not accountable to the people, and that is why local authorities are not willing to enhance public services. Although there were pilot elections of the <i>Akims</i> of villages, this has not brought functional changes, because these <i>Akims</i> were still subordinate to the higher-level <i>Akims</i>. The author adds that "representative bodies act as a democratic façade in the system of public administration" (p. 291). Makhmutova sees local governance is ineffective due to the lack of local self-government and proposes three main courses of action: accepting the <i>Maslikhats</i> as the bodies of local self-government; establishing the <i>Maslikhats</i> at the lowest level of local government (village); setting up a separate budget for the <i>Akims</i> of the villages.</p>
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9.	The World Bank (2006)	In this report, the budget system of Kazakhstan is presented as having developed under the influence and thus being mostly similar to the Soviet model. It is contended that given the differences between regional economies in the Soviet Union, they were stabilised by redistribution of funds from the centre. This is argued to be the case in Kazakhstan. Another issue covered in the report is that according to the Budget Code of Kazakhstan, local budgets' incomes should be estimated on the basis of the regions' taxation capacity, whereas the expenditure should be calculated according to standards of services. In practice, however, this happens by negotiation of the <i>Akims</i> of <i>Oblasts</i> and the Ministry of Economy and Budget Planning. The report proposes to balance expenditure on education and health care among regions, on the basis of a fixed amount of cost per pupil or patient. The report also highlights that the <i>Maslikhats</i> have little power and that their functions are "largely limited to reviewing and approving actions initiated by the akims" (p.1).
10.	Stiftung, BTI (2014)	This report identifies the political structure of Kazakhstan as being characterised by the control of executive power over other branches of power. It is argued that in the 2012 elections, two new political parties (Ak Zhol, the Communist Party) managed to gain seats in the <i>Majilis</i> , these are, in practice, not opposition parties and side with the ruling Nur Otan party. The report finds that reform of local government, which gave rise to the elections at rural and <i>Raion</i> level and the constitutional amendments in 2007 – broadening the right of the <i>Maslikhats</i> to appoint and remove the <i>Akims</i> – has had little practical effect. This is explained in terms of the control of these elections by the central authorities and the limitation of the powers of the <i>Maslikhats</i> by the constant supremacy of the Nur Otan party.

Appendix 3

The interview questions

№	Questions
1.	What is your view on decentralisation in general and decentralisation reforms in your country?
2.	What are the strengths and weaknesses of the current model of local government in your country?
3.	Do you think if there are specific improvements in the local governance in your country, which should be considered? More control from the centre? Less control? Another mechanism?
4.	What can be done to enhance service delivery at the local level? More negotiation with local people? More negotiation for resources? More technical skills, training for staff delivering service?
5.	What kind of changes would you propose to the current system of inter budget relations?
6.	(For Kazakhstan only) What is your opinion on strengthening the powers of <i>Maslikhats</i> in supervising <i>Akims</i> in order to improve service delivery? What kind of mechanism could be introduced at the local level in order to oversee the work of <i>Akims</i> ?

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